2019



Annual Financial Statements

30 June 2019



UN-AUDITED 30 AUG 2019
WC022 – WITZENBERG MUNICIPALITY



WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Index

Contents	*Page*

WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Witzenberg Municipality includes the following areas:

Ceres
Op-die-Berg
Prince Alfred's Hamlet
Tulbagh
Wolseley

MUNICIPAL MANAGER

D Nasson

CHIEF FINANCIAL OFFICER

HJ Kritzinger (31 December 2018)
AJ Raubenheimer (Acting)

REGISTERED OFFICE

50 Voortrekker Street, Ceres, 6835

AUDITORS

Auditor-General South Africa

PRINCIPAL BANKERS

ABSA Bank
Standard Bank, Ceres
First National Bank

RELEVANT LEGISLATION

The Constitution of the Republic of South Africa
Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004), as amended
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Municipal Regulations on Standard Chart of Accounts
Municipal Budget and Reporting Regulations
SALBC Leave Regulations
Remuneration of Public Office Bearers Act
Workman's Compensation Act

WITZENBERG MUNICIPALITY

COUNCILLORS OF THE WITZENBERG MUNICIPALITY

Position	Surname	Party	Seat type
Executive Mayor	Klaasen, BC	DA	PR
Deputy Executive Mayor	Adams, K	DA	Ward 6
Speaker	Godden, TT	COPE	PR
Member of Mayoral Committee	Sidego, EM	DA	Ward 11
Member of Mayoral Committee	Alderman Smit, HJ	DA	Ward 5
Member of Mayoral Committee	Visagie, JJ	DA	Ward 4
Member of Mayoral Committee	Abrahams, T	DA	PR
Ordinary Councillor	Kinnear, D	DA	PR
Ordinary Councillor	Laban, G	WA	PR
Ordinary Councillor	Alderman Schuurman, J W	ANC	PR
Ordinary Councillor	Phungula, JT	ANC	PR
Ordinary Councillor	Jacobs, DM	EFF	PR
Ordinary Councillor	Herandien, P	ICOSA	PR
Ordinary Councillor	Simpson, RJ	ANC	PR
Ordinary Councillor	Mzauziwa, Z	DA	PR
Ordinary Councillor	Phatsoane, N	ANC	Ward 1
Ordinary Councillor	Lottering, C	DA	Ward 2
Ordinary Councillor	Swart, D	DA	Ward 3
Ordinary Councillor	Daniels, P	DA	Ward 7
Ordinary Councillor	Visagie, H	ANC	Ward 8
Ordinary Councillor	Hugo, SJ (5 September 2018)	ANC	Ward 9
Ordinary Councillor	MJ Ndaba (5 December 2018)	ANC	Ward 9
Ordinary Councillor	Mgoboza, TP	ANC	Ward 10
Ordinary Councillor	Mdala, M	ANC	Ward 12

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

D Nasson
Accounting Officer

30/08/19
Date

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 R	Restated 2018 R
ASSETS			
Current Assets		**183 721 890**	**182 572 625**
Cash and Cash Equivalents	**2**	94 271 685	97 505 902
Trade and other Receivables from Exchange Transactions	**3**	51 610 725	51 307 415
Receivables from non-exchange transactions	**4**	15 071 150	11 267 233
Inventory	**5**	11 692 619	11 401 816
Unpaid Conditional Government Grants and Receipts	**6**	4 036 901	2 379 678
VAT Receivable (net)	**7**	7 038 810	8 710 581
Non-Current Assets		**966 718 773**	**903 387 082**
Property, Plant and Equipment	**8**	900 401 182	841 667 881
Intangible Assets	**9**	2 029 605	2 403 442
Investment Property	**10**	44 491 770	45 655 635
Heritage assets	**11**	550 000	550 000
Operating Lease Asset	**12**	-	5 095
Capitalised Restoration Cost	**13**	19 246 216	13 105 029
Total Assets		**1 150 440 663**	**1 085 959 707**
LIABILITIES			
Current Liabilities		**91 451 629**	**82 068 153**
Trade and Other Payable Exchange Transactions	**14**	48 188 737	45 832 731
Consumer Deposits	**15**	7 149 735	6 418 394
Current Employee benefits	**16**	21 800 761	20 024 537
Unspent Conditional Government Grants and Receipts	**6**	10 575 042	5 750 091
Unspent Public Contributions	**17**	2 219 296	1 865 504
Current Portion of Borrowings	**18**	1 518 058	2 176 896
Non-Current Liabilities		**155 515 986**	**158 016 209**
Borrowings	**18**	4 704 351	5 291 772
Non-Current Provisions	**19**	86 471 213	71 466 568
Employee benefits	**20**	64 340 422	81 257 869
Total Liabilities		**246 967 615**	**240 084 362**
Net Assets		**903 473 048**	**845 875 345**
Capital Replacement Reserve	**21**	10 354 788	10 354 788
Accumulated Surplus		893 118 260	835 520 557
Total Net Assets and Liabilities		**1 150 440 663**	**1 085 959 707**

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 (Actual) R	2018 (Restated) R	2018 Correction of error R	2018 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**249 874 482**	**222 287 572**	**1 907 850**	**220 379 722**
Taxation Revenue		**71 011 769**	**64 506 631**	**-**	**64 506 631**
Property rates	**22**	69 879 235	63 835 379	-	63 835 379
Property Rates - penalties imposed and collection charges		1 132 534	671 252	-	671 252
Transfer Revenue		**178 862 713**	**157 780 941**	**1 907 850**	**155 873 091**
Fines, Penalties and Forfeits		13 451 575	23 669 620	1 667 850	22 001 770
Licences or Permits		1 124 925	1 164 358	-	1 164 358
Surcharges and Taxes		4 332 729	3 963 004	-	3 963 004
Government Grants and Subsidies - Capital	**23**	54 177 081	34 481 262	-	34 481 262
Government Grants and Subsidies - Operating	**23**	105 201 490	94 207 249	240 000	93 967 249
Public Contributions and Donations		574 913	295 448	-	295 448
Revenue from Exchange Transactions		**338 176 100**	**344 017 697**	**(11 391)**	**344 029 088**
Service Charges	**24**	305 199 379	306 169 634	62	306 169 572
Rental from Fixed Assets		5 440 550	5 989 524	-	5 989 524
Interest earned - External investments		8 550 943	8 121 547	-	8 121 547
Interest Income and Dividends		9 412 548	10 372 977	-	10 372 977
Agency Services		3 788 514	3 586 464	-	3 586 464
Operational Revenue	**25**	1 329 587	4 565 000	(11 453)	4 576 453
Sales of Goods and Rendering of services	**26**	4 454 579	5 212 551	-	5 212 551
Total Revenue		**588 050 582**	**566 305 269**	**1 896 459**	**564 408 810**
EXPENDITURE					
Employee related costs	**27**	166 502 097	153 239 739	841 956	152 397 783
Remuneration of Councillors	**28**	9 457 582	9 170 071	-	9 170 071
Impairment	**29**	40 315 985	41 396 696	1 825 550	39 571 146
Inventory Consumed		14 786 615	15 173 830	574	15 173 256
Operational Cost	**36**	35 036 721	31 550 426	(1 931)	31 552 357
Depreciation and Amortisation	**30**	29 657 448	29 216 760	518 187	28 698 573
Finance Charges	**32**	15 846 505	15 675 980	-	15 675 980
Bulk Purchases	**33**	188 783 412	179 705 387	-	179 705 387
Contracted Services	**34**	42 738 780	36 100 762	-	36 100 762
Transfers and Subsidies: Operational Expenditure	**35**	10 018 643	14 160 192	240 000	13 920 192
Rent on Land		33 170	25 833	-	25 833
Operating Leases		780 043	855 912	-	855 912
Bad Debts Written Off		6 353	-	-	-
Total Expenditure		**553 963 354**	**526 271 588**	**3 424 336**	**522 847 252**
Gain / (loss) on disposal of assets		1 468 232	(1 060 920)	27 606	(1 088 526)
(Impairment loss) / Reversal of impairment loss	**31**	(824 251)	(20 192)	-	(20 192)
Gain / (loss) on Adjustment of Provision		262 545	5 184 679	-	5 184 679
Inventories: (Write-down) / Reversal of write-down		(2 244)	274	-	274
Gain / (loss) on Actuarial Valuations	**20**	22 606 193	2 554 149	-	2 554 149
NET SURPLUS FOR THE YEAR		**57 597 703**	**46 691 671**	**(1 500 271)**	**48 191 942**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R
Balance at 1 JULY 2017		**10 354 788**	**788 873 955**	**799 228 743**
Correction of error	**37.24**	-	(45 068)	(45 068)
Restated Balance at 1 JULY 2017		**10 354 788**	**788 828 886**	**799 183 674**
Transfers to/from Accumulated		25 706 031	(25 706 031)	-
Property, Plant and Equipment purchased		(25 706 031)	25 706 031	-
Restated Net Surplus for the year		-	46 691 671	46 691 671
Balance at 30 JUNE 2018		**10 354 788**	**835 520 557**	**845 875 345**
Transfers to/from Accumulated		32 517 057	(32 517 057)	-
Property, Plant and Equipment purchased		(32 517 057)	32 517 057	-
Net Surplus for the year		-	57 597 703	57 597 703
Balance at 30 JUNE 2019		**10 354 788**	**893 118 260**	**903 473 048**

WITZENBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	30 JUNE 2019 R	30 JUNE 2018 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Taxation	**38**	71 497 725	67 555 097
Sales of goods and services		293 354 873	304 277 190
Government Grants		163 475 004	132 906 152
Interest		19 096 025	19 165 776
Payments			
Employee costs		(166 966 557)	(149 680 259)
Suppliers		(297 906 589)	(289 191 858)
Finance charges	**32**	(650 532)	(999 745)
Cash generated by operations	**38**	**81 899 949**	**84 032 353**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**8**	(85 897 566)	(63 667 495)
Purchase of Intangible Assets	**9**	(758 988)	(187 741)
Proceeds on Disposal of Fixed Assets		3 267 699	3 790 327
Increase/(Decrease) in Long-term Receivables		-	-
Net Cash from Investing Activities		**(83 388 855)**	**(60 064 909)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(2 476 652)	(3 817 652)
New loans raised		-	-
Increase in Consumer Deposits		731 341	1 022 973
Net Cash from Financing Activities		**(1 745 311)**	**(2 794 679)**
NET INCREASE/(DECREASE IN CASH AND CASH EQUIVALENTS		**(3 234 217)**	**21 172 765**
Cash and Cash Equivalents at the beginning of the year		97 505 902	76 333 137
Cash and Cash Equivalents at the end of the year	**2**	94 271 685	97 505 902
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(3 234 217)**	**21 172 765**

WITZENBERG MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Actual 2019 R	Approved budget 2019 R	Adjustments 2019 R	Final budget 2019 R	Difference between final budget and actual	Actual 2018 R
ASSETS						
Current Assets	**183 721 890**	**65 801 412**	**98 548 865**	**164 350 277**	**12%**	**182 572 625**
Cash	94 271 685	83 129 371	8 145 810	91 275 181	3%	97 505 902
Call investment deposits		46 835	(46 835)	-		
Consumer debtors	66 681 875	(33 749 541)	68 732 583	34 983 042	91%	62 574 648
Other debtors	11 075 711	14 939 892	11 750 346	26 690 238	-59%	11 090 259
Current portion of long-term receivables	-	-	-	-		-
Inventory	11 692 619	1 434 855	9 966 961	11 401 816	3%	11 401 816
Non-Current Assets	**966 718 773**	**38 293 486**	**913 387 417**	**951 680 903**	**2%**	**903 387 082**
Investments	-	4 014	(4 014)	-		-
Investment Property	44 491 770	(625 824)	46 285 663	45 659 839	-3%	45 655 635
Property, Plant and Equipment	900 401 182	38 950 920	863 870 401	902 821 321	0%	841 667 881
Intangible Assets	2 029 605	(35 624)	2 685 368	2 649 744	-23%	2 403 442
Other non-current assets	19 796 216	-	550 000	550 000	3499%	13 660 124
Total Assets	**1 150 440 663**	**104 094 898**	**1 011 936 282**	**1 116 031 180**	**3%**	**1 085 959 707**
LIABILITIES						
Current Liabilities	**91 451 629**	**55 489 285**	**46 298 611**	**101 787 896**	**-10%**	**82 068 153**
Borrowings	1 518 058	-	-	-		2 176 896
Consumer Deposits	7 149 735	-	6 418 394	6 418 394	11%	6 418 394
Trade and Other Payable Exchange Transactions	60 983 075	46 998 436	19 905 533	66 903 969	-9%	53 448 326
Provisions	21 800 761	8 490 849	19 974 684	28 465 533	-23%	20 024 537
Non-Current Liabilities	**155 515 986**	**15 233 368**	**140 511 969**	**155 745 337**	**0%**	**158 016 209**
Borrowings	4 704 351	2 200 258	(1 025 279)	1 174 979	300%	5 291 772
Provisions	150 811 635	13 033 110	141 537 248	154 570 358	-2%	152 724 437
Total Liabilities	**246 967 615**	**70 722 653**	**186 810 580**	**257 533 233**	**-4%**	**240 084 362**
Net Assets	**903 473 048**	**33 372 245**	**825 125 703**	**858 497 948**	**5%**	**845 875 345**
Accumulated Surplus	893 118 260	33 372 245	814 770 915	848 143 160	5%	835 520 557
Reserve	10 354 788	-	10 354 788	10 354 788	0%	10 354 788
Total Net Assets and Liabilities	**1 150 440 663**	**104 094 898**	**1 011 936 282**	**1 116 031 180**	**3%**	**1 085 959 707**

WITZENBERG MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Actual 2019 R	Approved budget 2019 R	Adjustments 2019 R	Final budget 2019 R	Difference between final budget and actual	Actual 2018 R
Operating Revenue						
Property rates	69 879 235	70 127 848	(1 811 217)	68 316 631	2%	63 835 379
Property Rates - penalties imposed and collection charges	1 132 534	-	-	-		671 252
Fines, Penalties and Forfeits	13 451 575	18 904 300	-	18 904 300	-29%	23 669 620
Licences or Permits	1 124 925	155 255	-	155 255	625%	1 164 358
Surcharges and Taxes	4 332 729	5 277 493	1 355 620	6 633 113	-35%	3 963 004
Government Grants and Subsidies - Capital	54 177 081	31 619 217	21 294 754	52 913 971	2%	34 481 262
Government Grants and Subsidies - Operating	105 201 490	135 380 626	(19 410 118)	115 970 508	-9%	94 207 249
Public Contributions and Donations	574 913	288 050	794 685	1 082 735	-47%	295 448
Service Charges	305 199 379	316 406 574	1 811 216	318 217 790	-4%	306 169 634
Rental from Fixed Assets	5 440 550	10 198 093	-	10 198 093	-47%	5 989 524
Interest earned - External investments	8 550 943	8 194 383	-	8 194 383	4%	8 121 547
Interest Income and Dividends	9 412 548	7 456 692	(1)	7 456 691	26%	10 372 977
Agency Services	3 788 514	8 293 280	-	8 293 280	-54%	3 586 464
Operational Revenue	1 329 587	1 085 273	-	1 085 273	23%	4 565 000
Sales of Goods and Rendering of services	4 454 579	2 616 943	1	2 616 944	70%	5 212 551
Total revenue	**588 050 582**	**616 004 027**	**4 034 940**	**620 038 967**	**-5%**	**566 305 269**
Operating Expenditure by Nature						
Employee related costs	166 502 097	174 039 560	(3 637 246)	170 402 314	2%	153 239 739
Remuneration of Councillors	9 457 582	10 709 120	-	10 709 120	12%	9 170 071
Impairment	40 315 985	-	42 172 132	42 172 132	4%	41 396 696
Bad Debts Written Off	6 353		100 000	100 000	94%	-
Inventory Consumed	14 786 615	21 061 905	(4 477 335)	16 584 570	11%	15 173 830
Operational Cost	35 036 721	40 296 342	(149 955)	40 146 387	13%	31 550 426
Depreciation and Amortisation	29 657 448	43 031 857	1 133 334	44 165 191	33%	29 216 760
Finance Charges	15 846 505	11 020 395	4 981 369	16 001 764	1%	15 675 980
Bulk Purchases	188 783 412	197 540 732	-	197 540 732	4%	179 705 387
Contracted Services	42 738 780	45 931 005	9 370 207	55 301 212	23%	36 100 762
Transfers and Subsidies: Operational Expenditure	10 018 643	14 407 038	(243 744)	14 163 294	29%	14 160 192
Rent on Land	33 170	20 000	14 000	34 000	2%	25 833
Operating Leases	780 043	2 081 978	(631 500)	1 450 478	46%	855 913
Total expenditure	**553 963 354**	**560 139 932**	**48 631 262**	**608 771 194**	**9%**	**526 271 589**
Operating Surplus/(deficit) for the period	**34 087 228**	**55 864 095**	**(44 596 322)**	**11 267 773**	**203%**	**40 033 681**
Gain / (loss) on disposal of assets	1 468 232	-	-	-		(1 060 920)
(Impairment loss) / Reversal of impairment loss	(824 251)	-	(100 000)	(100 000)	724%	(20 192)
Gain / (loss) on Adjustment of Provision	262 545	1 000	7 710	8 710	2914%	5 184 679
Inventories: (Write-down) / Reversal of write-down	(2 244)	-	-	-		274
Gain / (loss) on Actuarial Valuations	22 606 193	200	-	200	11302997%	2 554 149
Netto Surplus/(deficit) for the period	**57 597 703**	**55 865 295**	**-44 688 612**	**11 176 683**	**415%**	**46 691 671**
Operating expenditure by vote						
Budget and Treasury Office	36 362 779	47 176 858	(2 214 565)	44 962 293	19%	29 443 602
Civil services	143 958 498	112 403 288	32 746 836	145 150 124	1%	121 929 345
Community and social services	26 624 607	31 178 582	613 879	31 792 461	16%	27 298 077
Corporate Services	43 342 814	43 485 551	10 167 462	53 653 013	19%	40 873 136
Electro Technical Services	205 142 184	223 514 562	(2 521 821)	220 992 741	7%	199 669 546
Executive and Council	20 508 170	23 838 667	(1 453 107)	22 385 560	8%	19 349 505
Housing	12 953 914	19 186 171	(401 097)	18 785 074	31%	16 477 397
Planning	5 635 938	6 089 920	(328 312)	5 761 608	2%	5 124 377
Public Safety	34 636 906	24 145 010	12 686 871	36 831 881	6%	42 415 323
Sport and recreation	24 797 544	29 121 323	(664 884)	28 456 439	13%	23 691 279
Total operating expenditure by vote	**553 963 354**	**560 139 932**	**48 631 262**	**608 771 194**	**9%**	**526 271 587**

WITZENBERG MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Actual 2019 R	Approved budget 2019 R	Adjustments 2019 R	Final budget 2019 R	Difference between final budget and actual	Actual 2018 R
Capital expenditure by vote						
Budget and Treasury Office	675 135	180 000	522 000	702 000	4%	214 797
Civil services	69 533 579	63 434 981	6 980 191	70 415 172	1%	51 645 844
Community and social services	704 581	2 530 000	255 320	2 785 320	75%	690 962
Corporate Services	1 020 563	970 000	229 034	1 199 034	15%	1 289 966
Electro Technical Services	11 378 380	11 654 348	211 311	11 865 659	4%	4 728 027
Executive and Council	18 332	130 000	-	130 000	86%	15 478
Housing	-	-	-	-	-	358 620
Planning	-	20 000	(20 000)	-	-	11 349
Public Safety	-	-	-	-	-	2 866 654
Sport and recreation	3 325 984	2 402 000	1 139 876	3 541 876	6%	2 033 539
Total capital expenditure	**86 656 554**	**81 321 329**	**9 317 732**	**90 639 061**	**4%**	**63 855 236**
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	71 497 725	61 689 250	3 091 877	64 781 127	10%	67 555 097
Service charges	293 354 873	308 847 149	32 029 573	340 876 722	-14%	304 277 190
Government Grants	163 475 004	161 076 000	14 724 208	175 800 208	-7%	132 906
Interest	19 096 025	13 111 960	(2 682 175)	10 429 785	83%	19 166
Dividends		-	-	-		–
Payments						
Suppliers and employees	(464 873 146)	(369 994 186)	(118 995 849)	(488 990 035)	5%	(438 872)
Finance charges	(650 532)	(937 770)	(157 625)	(1 095 395)	41%	(1 000)
Transfers and Grants		(587 270)	(13 806 802)	(14 394 072)	100%	(587)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**81 899 949**	**173 205 133**	**(85 796 793)**	**87 408 340**	**6%**	**83 445 083**
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	3 267 699	-	-	-	-	3 790
Decrease (Increase) in non-current debtors	-	-	-	-	-	–
Decrease (increase) other non-current receivables		-	-	-	-	
Decrease (increase) in non-current investments		-	-	-	-	
Payments						
Capital assets	(86 656 554)	-83246710	(7 392 351)	(90 639 061)	4%	(63 855)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(83 388 855)**	**(83 246 710)**	**(7 392 351)**	**(90 639 061)**	**8%**	**(60 064 909)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Short term loans		-	-	-	-	
Borrowing long term/refinancing	0	3 500 000	(3 500 000)	0	100%	–
Increase (decrease) in consumer deposits	731 341	-	-	-	-	1 023
Payments						
Repayment of borrowing	(2 476 652)	-	(3 000 000)	(3 000 000)	17%	(3 818)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(1 745 311)**	**3 500 000**	**(6 500 000)**	**(3 000 000)**	**42%**	**(2 794 679)**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Actual 2019 R	Approved budget 2019 R	Adjustments 2019 R	Final budget 2019 R	Difference between final budget and actual	Actual 2018 R
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance						**2019**
Net surplus/deficit per the statement of financial performance						57 597 703
Adjusted for:						
Fines, Penalties and Forfeits	Increase due to better law inforcement application.					5 452 725
Government Grants and Subsidies - Capital	Expenditure not incurred for all grant funding received.					(1 263 110)
Government Grants and Subsidies - Operating	Expenditure not incurred for all grant funding received.					10 769 018
Service Charges	Increase in indigent households and cost of free basic services.					13 018 411
Rental from Fixed Assets	Decrease in resort bookings mainly due to water restrictions implemented.					4 757 543
Interest earned - External investments	Increase in funds available for investment purposes					(356 560)
Sales of Goods and Rendering of services	Decrease in economic climate					(1 837 635)
Employee related costs	Time needed to fill vacansies					(3 900 217)
Inventory Consumed	Decrease in maintenance required in current year.					(1 797 955)
Operational Cost	Decrease in economic climate					(5 109 666)
Depreciation and Amortisation	Depreciation less than expected due to slow capital spending					(14 507 743)
Finance Charges	Adjustment in Provisions					(155 259)
Bulk Purchases	Bulk purchases less than expected.					(8 757 320)
Contracted Services	Contracted Services less than budget due to effective contract management.					(12 562 432)
Transfers and Subsidies: Operational Expenditure	Expenditure not incurred for all grant funding received.					(4 144 651)
Other Items						(26 026 169)
Net surplus/deficit per approved budget						**11 176 683**

The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June.

The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

The changes between the approved and final budget are a consequence of reallocations within the budget and and of other factors allowable in terms of the Municipal Finance Management Act

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions
GRAP 24	Presentation of Budget Information
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control

GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue (as revised in 2012)
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidations – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Ventures
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16(AC449)	Hedges in a Net Investment in a Foreign Operation
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IFRIC 21	Levies

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

1.6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2019
GRAP 32	Service Concession Arrangements: Grantor No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2019
GRAP 108	Statutory receivable No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2019
GRAP 109	Accounting by Principals and Agents No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2019
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	1 April 2019
iGRAP 18	Recognition and De-recognition of Land No significant impact is expected.	1 April 2019
iGRAP 19	Liabilities to Pay Levies No significant impact is expected.	1 April 2019

1.7. RESERVES

Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.8. LEASES

1.8.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8.2. Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.11. PROVISIONS

1.11.1. GENERAL PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.11.2. REHABILITATION OF LANDFILL SITES PROVISIONS

Provision is made in terms of the licensing stipulations of the landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have discounted to present value at prime interest rate.

1.12. EMPLOYEE BENEFITS

1.12.1. Post-Retirement Medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair

value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.12.2. Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.12.3. Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.12.4. Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

1.12.5. Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.12.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.12.7. Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.13.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		*Years*
Infrastructure		Other	
Roads and Paving	5-100	Airports	20
Electricity	4-46	Buildings	30-100
Water	15-150	Computer equipment	3-30
Sanitation	10-75	Furniture and equipment	3-30
Other	10-15	Landfill sites	10-15
		Markets	30
Community		Other	3-30
Recreational Facilities	5-30	Other vehicles	2-67
Sport fields & Stadia	10-20	Plant and Equipment	3-32
Halls	5-100	Specialist vehicles	6-38
Libraries	10-30		
Parks and gardens	10-30		
Other assets	5-30		
Cemeteries	5-30		
Finance lease assets			
Office equipment	3-5		

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.13.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional arrangement as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality updated the Land and Buildings acquired before 30 June 2008 to the fair value as determined by an independent valuator. For Other Assets the depreciation replacement cost method was used to establish the deemed cost as on 1 July 2008.

1.14. INTANGIBLE ASSETS

1.14.1. *Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

the municipality intends to complete the intangible asset for use or sale;
it is technically feasible to complete the intangible asset;
the municipality has the resources to complete the project; and
it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.14.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5
Computer Software Licenses	5

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

1.14.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. INVESTMENT PROPERTY

1.15.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.15.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.15.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	99 - 100

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

1.15.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16. HERITAGE ASSETS

1.16.1. Initial Recognition

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- the cost or fair value of the asset can be measured reliably.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

1.16.2. *Subsequent Measurement*

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.
The class of heritage assets are carried at its cost less any accumulated impairment losses.

1.16.3. *Impairment*

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.16.4. De-recognition

The carrying amount of a heritage asset is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that

reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.17.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

Depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.18. COMMITMENTS

Commitments are future payments and expenditure to be incurred on contracts that have been entered into at the reporting date and where there are unperformed obligations. The commitments would include both capital and operating items.

Committed expenditure approved and contracted for at reporting date is where the expenditure has been approved and the contract has been awarded.

Committed expenditure approved but not yet contracted for at reporting date is where the expenditure has been approved but the contract has yet to be awarded or is awaiting finalisation.

1.19. INVENTORIES

1.19.1. Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

The cost of purified water comprises cost of conversion and other cost incurred in bringing the inventory to their present location and condition.

1.19.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.20. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1.21.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.21.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost (”other”). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1. Receivables

Receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of

Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.21.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.21.2.4. Non-Current Investments

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21.3. De-recognition of Financial Instruments

1.21.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or
the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.22. REVENUE

1.22.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised when issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter vouchers is recognised eight days after the sale of the relevant voucher.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22.3. Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.23. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker, members of the Mayoral Committee and ordinary councillors.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. PRESENTATION OF BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements, has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31. JOINT VENTURES

In respect of the municipalities' interest in jointly controlled assets, the municipality includes in its accounting records and recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with other ventures in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

1.32. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

1.33 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

Impairment and collectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

.

1.34 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

2 CASH AND CASH EQUIVALENTS

	2019 R	2018 R
Assets		
Call Deposits and Investments	-	-
Cash at Bank	94 262 085	97 496 777
Cash on Hand	9 600	9 125
Total Cash and Cash Equivalents - Assets	**94 271 685**	**97 505 902**
Liabilities		
Primary Bank Account	-	-
Total Cash and Cash Equivalents - Liabilities	-	-

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

	2019 R	2018 R
Cash book balance at beginning of year	97 496 777	76 324 212
Cash book balance at end of year	94 262 085	97 496 777

The municipality changed it's Primary Bank Account from The Standard Bank of South Africa Limited to First National Bank South Africa on 1 March 2018. The ABSA and Standard Bank accounts has not been closed at year end as some debtors still pay their service accounts into the old accounts.

	2019 R	2018 R
Primary Bank Account: First National Bank - Account Number 62748215979		
Bank statement balance at beginning of year	96 312 306	-
Bank statement balance at end of year	93 565 694	96 312 306
Standard Bank Limited - Account Number 203241819		
Bank statement balance at beginning of year	274 415	77 200 939
Bank statement balance at end of year	351 927	274 415
ABSA Bank Limited - Account Number 350000011		
Bank statement balance at beginning of year	69 379	248 613
Bank statement balance at end of year	55 423	69 379

3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2019 R	2018 R
Electricity	37 998 175	36 362 313
Water	69 727 767	56 506 812
Property Rental Debtors	1 525 594	1 198 858
Waste Management	36 785 318	29 212 792
Waste Water Management	32 413 814	25 612 216
Service Charges	1 821 514	1 407 810
Prepayments and Advances	2 193 331	1 943 912
Land Sale Debtors	721 701	452 058
Total Receivables from Exchange Transactions	**183 187 214**	**152 696 770**
Less: Provision for Impairment	(131 576 488)	(101 389 355)
Total Net Receivables from Exchange Transactions	**51 610 725**	**51 307 415**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED

Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):

	2019 R	2018 R
Accrued Income Electricity	17 275 832	19 121 877
Accrued Income Water	4 553 282	4 166 594

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

	2019 R	2018 R
Accrued Income Electricity	17 275 832	19 121 877
Current (0 - 30 days)	13 221 882	11 335 243
31 - 60 Days	2 482 395	1 018 070
61 - 90 Days	259 225	640 885
+ 90 Days	4 758 841	4 246 238
Total	**37 998 175**	**36 362 313**

(Water): Ageing

	2019 R	2018 R
Accrued Income Water	4 553 282	4 166 594
Current (0 - 30 days)	3 768 628	3 472 654
31 - 60 Days	1 723 999	1 838 580
61 - 90 Days	1 199 817	1 602 118
+ 90 Days	58 482 042	45 426 866
Total	**69 727 767**	**56 506 812**

(Housing): Ageing

	2019 R	2018 R
Current (0 - 30 days)	74 088	72 278
31 - 60 Days	41 852	36 775
61 - 90 Days	35 268	33 352
+ 90 Days	1 374 387	1 056 453
Total	**1 525 594**	**1 198 858**

(Refuse): Ageing

	2019 R	2018 R
Current (0 - 30 days)	2 378 364	2 562 428
31 - 60 Days	1 111 570	844 621
61 - 90 Days	812 574	619 550
+ 90 Days	32 482 810	25 186 193
Total	**36 785 318**	**29 212 792**

(Sewerage): Ageing

	2019 R	2018 R
Current (0 - 30 days)	1 911 951	1 877 644
31 - 60 Days	868 370	864 880
61 - 90 Days	627 218	642 908
+ 90 Days	29 006 274	22 226 785
Total	**32 413 813**	**25 612 216**

(Other): Ageing

	2019 R	2018 R
Current (0 - 30 days)	2 217 983	1 970 427
31 - 60 Days	30 425	26 543
61 - 90 Days	453 722	23 708
+ 90 Days	1 312 715	1 331 044
Total	**4 014 845**	**3 351 722**

3	RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	2019 R	2018 R

(Land Sales): Ageing

	2019	2018
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	721 701	452 058
Total	**721 701**	**452 058**

(Total): Ageing

	2019	2018
Accrued Income	21 829 113	23 288 472
Current (0 - 30 days)	23 572 897	21 290 674
31 - 60 Days	6 258 610	4 629 468
61 - 90 Days	3 387 824	3 562 520
+ 90 Days	128 138 769	99 925 637
Total	**183 187 214**	**152 696 770**

Reconciliation Provision for Impairment

	2019	2018
Opening Balance	(101 389 356)	(129 385 760)
Recognised	(30 187 133)	(24 346 623)
Bad Debts Written Off	-	52 343 027
Balance at end of year	**(131 576 489)**	**(101 389 356)**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers living in poverty. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2019	2018
Property Rates	26 671 349	23 957 110
Other Receivables	24 472 772	34 350 232
Fines	23 798 026	33 745 500
Deposits	224 615	224 615
SARS	-	-
Other receivables	450 131	380 117
Total Receivables from Non-Exchange Transactions	**51 144 121**	**58 307 342**
Less: Provision for Impairment	(36 072 971)	(47 040 109)
Total Net Receivables from Non-Exchange Transactions	**15 071 150**	**11 267 233**

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

	2019	2018
Current (0 - 30 days)	2 951 063	2 589 533
31 - 60 Days	1 022 419	460 267
61 - 90 Days	266 984	243 690
+ 90 Days	22 430 882	20 663 620
Total	**26 671 348**	**23 957 110**

Reconciliation Provision for Impairment

	2019	2018
Opening Balance	(47 040 109)	(57 367 634)
Recognised	(10 128 852)	(17 050 073)
Bad Debts Written Off	21 095 990	27 377 598
Balance at end of year	**(36 072 971)**	**(47 040 109)**
Included in the provision for bad debt are the following amounts in respect of traffic fines	**(16 147 400)**	**(28 863 000)**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers living in poverty. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

		2019	2018
5	**INVENTORY**	**R**	**R**
	Consumables	665 034	1 372 307
	Materials and Supplies	10 849 471	9 857 241
	Housing Stock	-	-
	Land	-	-
	Water	178 114	172 268
	Total Inventory	**11 692 619**	**11 401 816**
	Inventory written down due to losses as identified during the annual stores counts.	**2 244**	**(274)**
	Inventory recognised as an expense during the year	**12 276 790**	**14 574 323**

No inventories is pledged as security for liabilities

		2019	2018
6	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	10 575 042	5 750 091
	National Government Grants	7 539 633	489 223
	Provincial Government Grants	2 135 408	4 360 868
	District Municipality	900 001	900 000
	Less: **Grants spend but not yet received**	4 036 901	2 379 678
	National Government Grants	1 022 096	1 110 255
	Provincial Government Grants	2 489 715	1 269 423
	District Municipality	525 090	-
	Total Conditional Grants and Receipts	**6 538 141**	**3 370 413**

Please refer to Note 23 for more information on specific grants.

		2019	2018
7	**VAT**		
	VAT PAYABLE		
	VAT Payable	4 320 862	1 174 585
	VAT output in suspense	-	-
		4 320 862	**1 174 585**
	VAT RECEIVABLE		
	VAT Receivable	-	-
	VAT input in suspense	11 359 672	9 885 166
		11 359 672	**9 885 166**
	NET VAT RECEIVABLE/(PAYABLE)	**7 038 810**	**8 710 581**

VAT is receivable/payable on the cash basis.

8 PROPERTY, PLANT AND EQUIPMENT

8.1 30 JUNE 2019

Reconciliation of Carrying Value	Land R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Carrying value at 1 July 2018	77 370 867	567 565 701	63 631 253	26 370	133 073 691	841 667 881
Cost	77 370 867	706 866 587	72 372 722	1 893 599	182 920 655	1 041 424 430
Original Cost	77 370 867	706 866 587	72 372 722	1 893 599	182 920 655	1 041 424 430
Accumulated Impairment	-	(19 803)	-	-	(615 534)	(635 337)
Original Cost	-	(19 803)	-	-	(615 534)	(635 337)
Accumulated Depreciation	-	(139 281 083)	(8 741 469)	(1 867 230)	(49 231 430)	(199 121 212)
Original Cost	-	(139 281 083)	(8 741 469)	(1 867 230)	(49 231 430)	(199 121 212)
Acquisitions	-	77 863 169	2 710 453	1 217 706	5 323 944	87 115 272
Capital under Construction	-	-	-	-	-	-
Transfers	-	(1 452 301)	2 258 878	-	(73 589)	732 988
Cost	-	(1 452 301)	2 258 878	-	(73 589)	732 988
Accumulated Depreciation	-	-	-	-	-	-
Impairments	-	-	-	-	(824 251)	(824 251)
Impairment	-	-	-	-	(824 251)	(824 251)
Depreciation	-	(17 232 691)	(2 155 660)	(289 136)	(7 426 951)	(27 104 437)
Normal Depreciation for the year	-	(17 232 691)	(2 155 660)	(289 136)	(7 426 951)	(27 104 437)
Carrying value of disposals	(836 593)	(55 489)	-	-	(294 188)	(1 186 270)
Cost	(836 593)	(168 157)	-	-	(428 518)	(1 433 269)
Accumulated Impairment	-	-	-	-	-	-
Accumulated Depreciation	-	112 668	-	-	134 330	246 998
Carrying value at 30 June 2019	76 534 273	626 688 389	66 444 924	954 939	129 778 656	900 401 182
Cost	76 534 273	783 109 298	77 342 053	3 111 305	187 742 491	1 127 839 420
Original Cost	76 534 273	783 109 298	77 342 053	3 111 305	187 742 491	1 127 839 420
Accumulated Impairments	-	(19 803)	-	-	(1 439 785)	(1 459 588)
Original Cost	-	(19 803)	-	-	(1 439 785)	(1 459 588)
Accumulated Depreciation	-	(156 401 106)	(10 897 129)	(2 156 366)	(56 524 050)	(225 978 651)
Original Cost	-	(156 401 106)	(10 897 129)	(2 156 366)	(56 524 050)	(225 978 651)

8.1.1 Work in Progress included in the Carrying Value of Property Plant & Equipment

	Land	Infrastructure	R	Leased Assets	Other Assets	Total
Original Cost		9 180 003	977 052		554 803	10 711 859

	R
8.1.2 Expenditure incurred for repairs and maintaining property plant and equipment	18 238 440

PROPERTY, PLANT AND EQUIPMENT CONTINUED

8.2 30 JUNE 2018

Reconciliation of Carrying Value	Land R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2017	77 940 867	530 161 900	64 702 111	629 893	133 266 724	806 701 495
Cost	77 940 867	654 132 319	71 589 110	1 893 599	175 696 714	981 252 609
Original Cost	77 940 867	654 132 319	71 589 110	1 893 599	175 696 714	981 252 609
Accumulated Impairment	-	(19 803)	-	-	(632 535)	(652 338)
Original Cost	-	(19 803)	-	-	(632 535)	(652 338)
Accumulated Depreciation	-	(123 950 616)	(6 886 999)	(1 263 706)	(41 797 456)	(173 898 777)
Original Cost	-	(123 950 616)	(6 886 999)	(1 263 706)	(41 797 456)	(173 898 777)
Acquisitions	-	50 457 091	824 041	-	12 386 363	63 667 495
Capital under Construction	-	-	-	-	-	-
Transfers	-	2 277 177	(40 429)	-	(2 536 748)	(300 000)
Cost	-	2 277 177	(40 429)	-	(2 536 748)	(300 000)
Accumulated Depreciation	-	-	-	-	-	-
Revaluations						
Impairments	-	-	-	-	(20 192)	(20 192)
Impairment	-	-	-	-	(20 192)	(20 192)
Depreciation	-	(15 330 467)	(1 854 470)	(603 524)	(8 350 067)	(26 138 528)
Normal Depreciation for the year	-	(15 330 467)	(1 854 470)	(603 524)	(8 350 067)	(26 138 528)
Carrying value of disposals	(570 000)	-	-	-	(1 672 388)	(2 242 388)
Cost	(570 000)	-	-	-	(2 625 674)	(3 195 674)
Accumulated Impairment	-	-	-	-	37 193	37 193
Accumulated Depreciation	-	-	-	-	916 093	916 093
Carrying value at 30 June 2018	77 370 867	567 565 701	63 631 253	26 370	133 073 691	841 667 881
Cost	77 370 867	706 866 587	72 372 722	1 893 599	182 920 655	1 041 424 430
Original Cost	77 370 867	706 866 587	72 372 722	1 893 599	182 920 655	1 041 424 430
Accumulated Impairments	-	(19 803)	-	-	(615 534)	(635 337)
Original Cost	-	(19 803)	-	-	(615 534)	(635 337)
Accumulated Depreciation	-	(139 281 083)	(8 741 469)	(1 867 230)	(49 231 430)	(199 121 212)
Original Cost	-	(139 281 083)	(8 741 469)	(1 867 230)	(49 231 430)	(199 121 212)

8.2.1 Work in Progress included in the Carrying Value of Property Plant & Equipment

	Infrastructure	R		Other	Total
Original Cost	58 857 910	977 052		554 803	60 389 766

8.2.2 Expenditure incurred for repairs and maintaining property plant and equipment — **R** 18 886 160

8.2.3 No assets are pledged as security

8.2.4 No assets were in construction or development and consequently halted.

8.2.5 No assets took significantly long to complete.

9 INTANGIBLE ASSETS	2019 R	2018 R
Computer Software		
Net Carrying amount at 1 July	**2 403 442**	**2 506 094**
Cost	4 986 239	4 498 498
Accumulated Amortisation	(2 582 797)	(1 992 404)
Accumulated Impairment	-	-
Acquisitions	758 988	187 741
Amortisation	(399 837)	(590 393)
Impairment	-	-
Transfers	(732 988)	300 000
Disposals	-	-
Correction of Prior Period Error	-	-
Change in Accounting Policy	-	-
Net Carrying amount at 30 June	**2 029 605**	**2 403 442**
Cost	5 012 239	4 986 239
Accumulated Amortisation	(2 982 633)	(2 582 797)
Accumulated Impairment	-	-

No intangible assets are pledged as security

No intangible assets were in construction or development and consequently halted.

No intangible assets took significantly long to complete.

10 INVESTMENT PROPERTY

	2019 R	2018 R
Net Carrying amount at 1 July	**45 655 635**	**47 878 177**
Cost	48 470 125	50 575 520
Under Construction	-	-
Accumulated Depreciation	(2 814 490)	(2 697 343)
Accumulated Impairment	-	-
Acquisitions	-	-
Depreciation for the year	(281 026)	(281 085)
Carrying value of disposals	(882 839)	(1 941 457)
Cost	(882 839)	(2 105 394)
Accumulated Depreciation	-	163 937
Net Carrying amount at 30 June	**44 491 770**	**45 655 635**
Cost	47 587 286	48 470 125
Accumulated Depreciation	(3 095 517)	(2 814 490)
Accumulated Impairment	-	-

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

	2019 R	2018 R
Revenue derived from the rental of investment property	4 008 940	4 551 858
Operating expenditure incurred on properties generating revenue	**4 817 466**	**5 136 072**
Operating expenditure incurred on properties not generating revenue	-	-

11 HERITAGE ASSETS

	2019 R	2018 R
Net Carrying amount at 1 July	**550 000**	**550 000**
Cost	550 000	550 000
Under Construction	-	-
Accumulated Impairment	-	-
Acquisitions	-	-
Disposals	-	-
Impairment	-	-
Transfers from Inventory	-	-
Transfers	-	-
Net Carrying amount at 30 June	**550 000**	**550 000**
Cost	550 000	550 000
Accumulated Impairment	-	-

Heritage assets are carried at its cost less any accumulated impairment losses

None of the heritage assets are pledge as security.

12 OPERATING LEASE ARRANGEMENTS

Operating Lease

	2019 R	2018 R
Opening Balance	5 095	9 948
Movement during the year	(5 095)	(4 853)
Balance on 30 June	**-**	**5 095**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

	2019 R	2018 R
Up to 1 Year	-	5 095
1 to 5 Years	-	-
More than 5 Years	-	-
Total Operating Lease Arrangements	**-**	**5 095**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for periods ranging until 2019.

13 CAPITALISED RESTORATION COST

	2019 R	2018 R
Net Carrying amount at 1 July	**13 105 030**	**16 075 548**
Cost	44 946 927	45 710 691
Accumulated Depreciation	(31 841 897)	(29 635 143)
Acquisitions	-	-
Under Construction - Cost	-	-
Disposals	-	-
Adjustment for the period	8 013 333	(763 764)
Depreciation for the year	(1 872 147)	(2 206 755)
Impairment for the year	-	-
Net Carrying amount at 30 June	**19 246 216**	**13 105 029**
Cost	52 960 260	44 946 927
Accumulated Depreciation	(33 714 044)	(31 841 898)

14 TRADE AND OTHER PAYABLE EXCHANGE TRANSACTIONS

	2019 R	2018 R
Payables and Accruals	13 665 914	7 754 548
Control, Clearing and Interface	44 403	32 518
Electricity Bulk Purchase	23 304 763	23 570 223
Accrued Interest	32 667	79 700
Unallocated Deposits	3 122 162	2 202 946
Retentions	2 377 252	3 737 645
Agency Fees Payable	125	63 825
Advance Payments	4 669 100	7 512 717
Overtime	972 351	878 609
Total Trade Payables	**48 188 737**	**45 832 731**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

15 CONSUMER DEPOSITS

	2019 R	2018 R
Water and Electricity	4 708 365	4 330 907
Rental Properties	333 422	302 290
Building Plans	2 107 948	1 785 197
Total Consumer Deposits	**7 149 735**	**6 418 394**

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

16 CURRENT EMPLOYEE BENEFITS

	2019 R	2018 R
Current Portion of Post Retirement Benefits - Note 20	2 326 217	2 085 183
Current Portion of Long-Service Provisions - Note 20	1 177 302	893 152
Current Portion of Ex-gratia Pension Provisions - Note 20	8 432	24 798
Staff Leave	13 148 894	12 353 905
Performance Bonuses	497 567	801 374
Staff Bonuses	4 642 349	3 866 125
Total Current Employee Benefits	**21 800 761**	**20 024 537**

The movement in current employee benefits are reconciled as follows:

Staff Leave

	2019	2018
Balance at beginning of year	12 353 905	10 742 245
Contribution for the year	1 376 029	2 052 699
Expenditure incurred	(581 040)	(441 039)
Balance at end of year	**13 148 894**	**12 353 905**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

Performance Bonuses

	2019	2018
Balance at beginning of year	801 374	815 657
Contribution for the year	499 081	801 372
Expenditure incurred	(802 888)	(815 655)
Balance at end of year	**497 567**	**801 374**

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the

Staff Bonuses

	2019	2018
Balance at beginning of year	3 866 125	3 416 197
Contribution for the year	8 002 499	6 977 450
Expenditure incurred	(7 226 274)	(6 527 523)
Balance at end of year	**4 642 350**	**3 866 124**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents

		2019 R	2018 R
17	**UNSPENT PUBLIC CONTRIBUTIONS**		
	China - Water meters	19 533	32 135
	Essen Belgium	2 199 763	1 833 369
	Total Unspent Public Contributions	**2 219 296**	**1 865 504**

Reconciliation of public contributions

China - Water meters

	2019	2018
Opening balance	32 135	49 904
Receipts	-	-
Conditions met - Transferred to revenue	(12 602)	(17 769)
Closing balance	**19 533**	**32 135**

3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.

Essen Belgium

	2019	2018
Opening balance	1 833 369	925 332
Receipts	928 705	1 185 716
Conditions met - Transferred to revenue	(562 311)	(277 679)
Closing balance	**2 199 763**	**1 833 369**

A twining agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.

18 BORROWINGS

	2019	2018
Annuity and Bullet Loans	5 304 458	7 481 354
Finance Lease Liability	917 951	-
Hire Purchase	-	-
Stock loans	-	-
	6 222 409	**7 481 354**
Current portion of Non-current	**(1 518 058)**	**(2 176 896)**
Annuity and Bullet Loans	(1 381 672)	(2 176 896)
Finance Lease Liability	(136 386)	-
	4 704 351	**5 304 458**
Unamortised charges on loans	**-**	**(12 686)**
Opening Balance	(12 686)	(78 471)
Adjustment for the period	12 686	65 785
Total borrowings - At amortised cost using the effective interest rate method	**4 704 351**	**5 291 772**

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

	Minimum annuity payments	
Payable within one year	1 792 988	2 870 103
Payable within two to five years	4 414 938	6 068 336
Payable after five years	-	-
	6 207 926	8 938 439
Less: Future finance obligations	(903 470)	(1 457 085)
Present value of annuity obligations	**5 304 455**	**7 481 354**

BORROWINGS CONTINUED	2019 R	2018 R

Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2023.

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:	Minimum lease payments	
Payable within one year	508 305	-
Payable within two to five years	508 306	-
Payable after five years	-	-
	1 016 611	-
Less: Future finance obligations	(98 660)	-
Present value of lease obligations	**917 951**	**-**

19 NON-CURRENT PROVISIONS

	2019 R	2018 R
Provision for Rehabilitation of Landfill-sites	86 471 213	71 466 568
Total Non-current Provisions	**86 471 213**	**71 466 568**

The provision includes the rehabilitation cost of landfill sites in Ceres, Prince Alfred's Hamlet, Op-die-Berg, Tulbagh and Wolseley. The expected closing dates and estimated rehabilitation cost of the sites are:
Ceres - 2010 (The site is no longer in operation) - R4 438 522.43
Prince Alfred's Hamlet - 2025 - R50 003 321.37
Op-die- Berg - 2024 - R5 943 619.18
Tulbagh - 2022 - R18 967 155.91
Wolseley - 2024 - R27 688 032.15

Landfill Sites

	2019 R	2018 R
Opening Balance	71 466 568	70 249 120
Unwinding of Interest	7 253 857	7 165 891
Adjustment for the period	7 750 788	(5 948 443)
Total provision 30 June	**86 471 213**	**71 466 568**
Less: Transfer of Current Portion to Current Provisions - Note	-	-
Balance 30 June	**86 471 213**	**71 466 568**
Discount rate	10.15%	10.20%
Inflation Rate	4.50%	4.60%

20 EMPLOYEE BENEFITS

	2019 R	2018 R
Post-employment Health Care Benefits	54 822 267	76 218 928
Long Service Awards	9 463 063	4 991 866
Ex-Gratia Pension Benefits	55 092	47 075
Total Non-current Employee Benefit Liabilities	**64 340 422**	**81 257 869**

Post-employment Health Care Benefits

	2019 R	2018 R
Opening Balance	78 304 111	72 375 216
Contribution for the year	3 582 642	3 874 262
Interest Cost	7 465 784	7 018 076
Expenditure for the year	(2 183 586)	(2 144 480)
Amendments	(4 779 243)	-
Actuarial Loss/(Gain)	(25 241 224)	(2 818 963)
Total post retirement Health Care benefits 30 June	**57 148 484**	**78 304 111**
Less: Transfer of Current Portion - Note 16	(2 326 217)	(2 085 183)
Balance 30 June	**54 822 267**	**76 218 928**

20 EMPLOYEE BENEFITS CONTINUED

	2019 R	2018 R
Long Service Awards		
Opening Balance	5 885 018	5 329 057
Contribution for the year	451 234	410 958
Interest Cost	458 677	417 576
Expenditure for the year	(1 025 081)	(579 077)
Amendments	2 236 598	-
Actuarial Loss/(Gain)	2 633 919	306 504
Total long service 30 June	**10 640 365**	**5 885 018**
Less: Transfer of Current Portion - Note 16	(1 177 302)	(893 152)
Balance 30 June	**9 463 063**	**4 991 866**
Ex-Gratia Pension		
Opening Balance	71 874	154 143
Contribution for the year	-	-
Interest Cost	4 969	8 907
Expenditure for the year	(14 431)	(49 487)
Amendments		
Actuarial Loss/(Gain)	1 112	(41 690)
Total Ex-Gratia 30 June	**63 524**	**71 873**
Less: Transfer of Current Portion - Note 16	(8 432)	(24 798)
Balance 30 June	**55 092**	**47 075**
TOTAL NON-CURRENT EMPLOYEE BENEFITS		
Balance 1 July	84 261 003	77 858 416
Contribution for the year	4 033 876	4 285 220
Interest cost	7 929 430	7 444 559
Expenditure for the year	(3 223 098)	(2 773 044)
Amendments	(2 542 645)	-
Actuarial Loss/(Gain)	(22 606 193)	(2 554 149)
Total employee benefits 30 June	**67 852 373**	**84 261 002**
Less: Transfer of Current Portion - Note 16	(3 511 951)	(3 003 133)
Balance 30 June	**64 340 422**	**81 257 869**

20.1 Post-employment Health Care Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2019	2018
In-service (employee) members	241	248
Continuation members (e.g. Retirees, widows, orphans)	52	56
Total Members	**293**	**304**

The liability in respect of past service has been estimated to be as follows:

	2019	2018
In-service members	27 996 656	52 940 818
Continuation members	29 151 829	25 363 294
Total Liability	**57 148 485**	**78 304 112**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
In-service members	50 585 753	53 302 000	44 877 000
Continuation members	21 789 464	22 699 000	26 563 000
Total Liability	**72 375 217**	**76 001 000**	**71 440 000**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Keyhealth.
LA Health
Hosmed and
Samwumed.

20.1 EMPLOYEE BENEFITS CONTINUED

Key actuarial assumptions used:

i) Rate of interest

	2019	2018
Discount rate	9.36%	9.66%
Health Care Cost Inflation Rate	6.83%	7.44%
Net Effective Discount Rate	2.37%	2.07%

ii) Mortality rates

The PA 90 ultimate table was used by the actuaries.

iii) Normal retirement age

The normal retirement ages are 65 (for males) and 60 (for females). It has been assumed that male in-service members will retire at age 62 and female in-service members will retire at age 59, on average, which then implicitly allows for expected rates of ill-health and early retirement.

The amounts recognised in the Statement of Financial Position are as follows:	**2019** **R**	**2018** **R**
Present value of fund obligations	57 148 484	78 304 111
Net liability/(asset)	**57 148 484**	**78 304 111**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

	2019	2018
Present value of fund obligation at the beginning of the year	78 304 111	72 375 216
Total expenses	8 864 840	8 747 858
Current service cost	3 582 642	3 874 262
Interest Cost	7 465 784	7 018 076
Benefits Paid	(2 183 586)	(2 144 480)
Amendments	(4 779 243)	-
Actuarial (gains)/losses	(25 241 224)	(2 818 963)
Present value of fund obligation at the end of the year	57 148 484	78 304 111
Less: Transfer of Current Portion - Note 16	(2 326 217)	(2 085 183)
Balance 30 June	**54 822 267**	**76 218 928**

Sensitivity Analysis on the Accrued Liability at 30 June 2019

Assumption	**In-service**	**Continuation**	**Total liability**
Central Assumptions	27 997	29 152	57 148

The effect of movements in the assumptions are as follows:

Assumption	**Change**	**In-service**	**Continuation**	**Total liability**	**% change**
Central assumptions		27 997	29 152	57 148	
Health care inflation	1%	30 785	32 113	62 898	10
Health care inflation	-1%	24 476	26 593	51 069	-11
Mortality rate	20%	26 612	27 062	73 582	-6
Mortality rate	-20%	29 647	31 780	84 157	7

EMPLOYEE BENEFITS CONTINUED

20.2 Long Service Awards

The Long Service Bonus plans are defined benefit plans.

	2019	2018
As at year end, the following number of employees were eligible for Long Service Bonuses.	516	506

i) Rate of interest

	2019	2018
Discount rate	8.13%	8.42%
General Salary Inflation (long-term)	5.55%	6.07%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.44%	2.22%

The amounts recognised in the Statement of Financial Position are as follows:

	2019 R	2018 R
Present value of fund obligations	10 640 365	5 885 018
Net liability	**10 640 365**	**5 885 018**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2017 R	2016 R	2015 R
Present value of fund obligations	5 329 057	5 601 000	5 648 000
Net liability	**5 329 057**	**5 601 000**	**5 648 000**

Reconciliation of present value of fund obligation:

	2019 R	2018 R
Present value of fund obligation at the beginning of the year	5 885 018	5 329 057
Total expenses	(115 170)	249 457
Current service cost	451 234	410 958
Interest Cost	458 677	417 576
Benefits Paid	(1 025 081)	(579 077)
	2 236 598	-
Actuarial (gains)/losses	2 633 919	306 504
Present value of fund obligation at the end of the year	10 640 365	5 885 018
Less: Transfer of Current Portion - Note 16	(1 177 302)	(893 152)
Balance 30 June	**9 463 063**	**4 991 866**

Sensitivity Analysis on the Accrued Liability at 30 June 2019

Assumption	Change	Liability (R'000)	% change
Central assumptions		10 640	
General salary inflation	1.00%	11 311	6%
General salary inflation	-1.00%	10 033	-6%
Withdrawal rates	20%	10 151	-5%
Withdrawal rates	-20%	11 177	5%

EMPLOYEE BENEFITS CONTINUED

20.3 Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefits plans are defined benefit plans.

	2019	2018
As at year end, the following number of employees were eligible for Ex-Gratia Pension Benefits.	19	20

i) Rate of interest

	2019	2018
Discount rate	8.11%	8.32%

The amounts recognised in the Statement of Financial Position are as follows:

	2019 R	2018 R
Present value of fund obligations	63 524	71 873
Net liability	**63 524**	**71 873**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2017 R	2016 R	2015 R
Present value of fund obligations	154 143	330 000	244 001
Net liability	**154 143**	**330 000**	**244 001**

EMPLOYEE BENEFITS CONTINUED

Reconciliation of present value of fund obligation:

	2019 R	2018 R
Present value of fund obligation at the beginning of the year	71 874	154 143
Total expenses	(9 462)	(40 580)
Current service cost	-	-
Interest Cost	4 969	8 907
Benefits Paid	(14 431)	(49 487)
Actuarial (gains)/losses	1 112	(41 690)
Present value of fund obligation at the end of the year	63 524	71 873
Less: Transfer of Current Portion - Note	(8 432)	(24 798)
Balance 30 June	**55 092**	**47 075**

Sensitivity Analysis on the Accrued Liability at 30 June 2019

Assumption	**Change**	**Total liability**	**% change**
Central assumptions		64	
Withdrawal rates	+20%	63	-1.0%
Withdrawal rates	-20%	64	1.0%

EMPLOYEE BENEFITS CONTINUED

	2019 R	2018 R

20.4 Retirement funds

CAPE JOINT PENSION FUND

The funding level of the CJPF (Pensions Account section) was 105.1% as at the 30 June 2013 valuation date compared with a 99.4% funding level as at 30 June 2012. The Fund is in a sound financial condition at the valuation date. As at the 30 June 2013 valuation date (in totality) the members contributed at a rate of 9% of pensionable salaries and (in totality) the Local Authorities contributed at a rate of 18% of pensionable salaries.

	2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance	452 630	417 609

SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The funding level at the most recent actuarial valuation (1 July 2012) of 100% was calculated on a Discounted Cash Flow (DCF) basis. The funding level has improved since the previous valuation. The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2012 be maintained at 15.26%. This includes a margin of 3.92% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs

	2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance	447 341	538 053

DEFINED CONTRIBUTION FUNDS

Council contributes to: the Government Employees Pension Fund; Municipal Council Pension Fund; National Fund for Municipal Workers (IMATU); and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs

Contributions paid recognised in the Statement of Financial Performance

	2019 R	2018 R
Cape Joint Retirement Fund	19 879 356	17 847 981
Municipal Councillors Pension Fund	376 558	350 814
National Fund For Municipal Employees (IMATU)	122 374	157 852
SAMWU National Provident Fund	4 118 954	3 948 150
	24 497 242	**22 304 798**

21 NET ASSET RESERVES

	2019 R	2018 R
Capital Replacement Reserve	10 354 788	10 354 788
Total Net Asset Reserves	**10 354 788**	**10 354 788**

22 PROPERTY RATES

	2019 R	2018 R
Actual		
Rates Levied	77 362 366	70 444 618
Business	12 772 509	12 159 802
Building Clauses	101 951	123 633
Rural	18 033 214	15 353 398
Public Benefit Organisations	-	-
Industrial Properties	8 796 899	8 448 403
Residential Properties	25 394 167	24 275 379
State-owned Properties	10 678 347	7 650 340
Vacant Land	1 564 945	2 417 360
Public Service Infrastructure	20 334	16 303
Less: Revenue Forgone	(7 483 131)	(6 609 239)
Total Assessment Rates	**69 879 235**	**63 835 379**

Valuations - 1 JULY

Land and Buildings

	2019 R	2018 R
Residential Property	4 044 998 700	3 015 206 263
Commercial Property	1 011 580 500	791 141 000
Industrial Property	607 087 500	451 895 000
Informal Property	37 168 500	32 759 000
Agricultural Purposes	12 711 816 000	5 215 121 100
State - National/ Provincial Services	822 438 000	403 270 600
Public Service Infrastructure	9 948 500	6 575 000
Vacant Property	171 543 300	180 766 353
Total Valuation	**19 416 581 000**	**10 096 734 316**

Assessment Rates are levied on the value of land and improvements. The valuation is performed every 4-6 years. The last valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Rates:	2019	2018
Residential	0.825c/R	0.991c/R
Commercial	1.490c/R	1.883c/R
Industrial	1.490c/R	1.883c/R
Bona Fide Agricultural	0.100c/R	0.248c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:
Residential - The first R120 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

23 TRANSFERS AND SUBSIDIES

	2019 R	2018 R
Unconditional Grants	**84 602 000**	**70 412 000**
Equitable Share	84 602 000	70 412 000
Conditional Grants	**72 934 911**	**58 276 511**
Grants and donations	72 934 911	58 276 511
Subsidies	-	-
Total Government Grants and Subsidies	**157 536 911**	**128 688 511**
Government Grants and Subsidies - Capital	54 177 081	34 481 262
Government Grants and Subsidies - Operating	105 201 490	94 207 249
	159 378 571	**128 688 511**

Please refer to appendix D for more detailed disclosure of Government Grants and Subsidies.

The Municipality does not expect any significant changes to the level of grants.

23.1 Equitable share

	2019	2018
Opening balance	-	-
Grants received	84 602 000	70 412 000
Conditions met - Operating	(84 602 000)	(70 412 000)
Conditions met - Capital	-	-
Write off / Transfers	-	-
Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

23.2 Local Government Financial Management Grant (FMG)

	2019	2018
Opening balance	17 747	(261 315)
Grants received	1 550 000	1 550 000
Conditions met - Operating	(940 825)	(1 259 695)
Conditions met - Capital	-	(11 243)
Conditions still to be met/(Grant expenditure to be recovered)	**626 922**	**17 747**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3 Expanded Public Works Programme

	2019	2018
Opening balance	(29 359)	(14 044)
Grants received	1 780 000	1 485 000
Conditions met - Operating	(2 026 381)	(1 500 315)
Conditions met - Capital	-	-
Conditions still to be met/(Grant expenditure to be recovered)	**(275 740)**	**(29 359)**

GOVERNMENT GRANTS AND SUBSIDIES CONTINUED

23.4 Municipal Infrastructure Grant (MIG)

	2019 R	2018 R
Opening balance	(95 671)	(90 419)
Grants received	22 031 000	22 739 000
Conditions met - Operating	-	-
Conditions met - Capital	(22 030 489)	(22 744 251)
Conditions still to be met/(Grant expenditure to be recovered)	**(95 160)**	**(95 670)**

The grant was used to upgrade infrastructure in previously disadvantaged areas.

23.5 Housing Grants

	2019 R	2018 R
Opening balance	3 295 671	566 634
Grants received	29 982 563	30 567 514
Conditions met - Operating	(8 771 481)	(12 643 351)
Conditions met - Capital	(25 743 845)	(15 195 126)
Conditions still to be met/(Grant expenditure to be recovered)	**(1 237 092)**	**3 295 671**

Housing grants was utilised for the development of erven and the erection of top structures.

23.6 Integrated National Electrification Grant

	2019 R	2018 R
Opening balance	(801 458)	(801 458)
Grants received	5 000 000	-
Conditions met - Operating	-	-
Conditions met - Capital	(4 849 738)	-
Write off / Transfers	-	-
Conditions still to be met/(Grant expenditure to be recovered)	**(651 196)**	**(801 458)**

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

23.7 Library services

	2019 R	2018 R
Opening balance	-	(143)
Grants received	9 342 000	8 050 000
Conditions met - Operating	(8 942 000)	(8 049 857)
Conditions met - Capital	-	-
Conditions still to be met/(Grant expenditure to be recovered)	**400 000**	**-**

23.8 Other Grants

	2019 R	2018 R
Opening balance	2 848 987	1 914 470
Grants received	13 537 705	2 909 716
Conditions met - Operating	(581 364)	(1 437 299)
Conditions met - Capital	(5 815 625)	(357 901)
Write off / Transfers	-	(180 000)
Conditions still to be met/(Grant expenditure to be recovered)	**9 989 703**	**2 848 986**

Various grants were received from other spheres of government of which the material ones are: RBIG R9.3 million and Essen R2.2 million, etc.

23.9 Total Grants

	2019 R	2018 R
Opening balance	5 235 917	1 313 725
Grants received	167 825 268	137 713 230
Conditions met - Operating	(105 864 051)	(95 302 517)
Conditions met - Capital	(58 439 697)	(38 308 521)
Write off / Transfers	-	(180 000)
Conditions still to be met/(Grant expenditure to be recovered)	**8 757 437**	**5 235 917**

Disclosed as follows:

	2019 R	2018 R
Unspent Conditional Government Grants and Receipts	10 575 042	5 750 091
Unpaid Conditional Government Grants and Receipts	(4 036 901)	(2 379 678)
	6 538 141	**3 370 413**

		2019	2018
24	**SERVICE CHARGES**	**R**	**R**
	Electricity	222 677 633	210 725 381
	Water	38 997 795	48 815 990
	Refuse removal	35 231 260	31 788 924
	Sewerage and Sanitation Charges	38 563 609	36 353 497
	Bulk service levies	-	-
		335 470 297	327 683 792
	Less: Revenue Forgone	(30 270 918)	(21 514 158)
	Total Service Charges	**305 199 379**	**306 169 634**

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

25	**Operational Revenue**		
	Insurance Refund	578 123	4 011 106
	Collection Charges	50 606	89 850
	Breakages and Losses Recovered	6 415	32 459
	Merchandising, Jobbing and Contracts	24 120	86 031
	Other	670 323	345 553
	Total Operational Revenue	**1 329 587**	**4 564 999**

26	**Sales of Goods and Rendering of services**		
	Application Fees for Land Usage	62 649	48 234
	Building Plan Approval	978 741	690 018
	Camping Fees	1 927 064	2 252 863
	Cemetery and Burial	223 919	245 871
	Entrance Fees	774 716	775 814
	Other	487 490	1 199 750
	Total Sales of Goods and Rendering of services	**4 454 579**	**5 212 550**

27	**EMPLOYEE RELATED COSTS**		
	Salaries and Wages	110 406 072	97 461 559
	Bargaining Council Levy	526 254	52 577
	Bonuses	8 501 580	7 778 822
	Contributions For Pensions	14 933 113	13 786 586
	Contributions For Medical Aids	7 362 175	6 749 682
	Contributions For UIF	856 028	796 059
	Group Life Insurance	1 625 855	1 463 719
	Housing Benefits and Allowances	1 447 541	1 445 756
	Leave Reserve	1 376 029	2 052 699
	Long service awards	451 234	410 958
	Overtime	11 260 169	11 105 780
	Post Employment Health Care Benefits	1 039 997	3 874 262
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	6 716 050	6 261 280
		166 502 097	153 239 739
	Less: Employee Cost allocated elsewhere	-	-
	Total Employee Related Costs	**166 502 097**	**153 239 739**

KEY MANAGEMENT PERSONNEL

The Municipal Manager and Directors are appointed on fixed term contracts.

27 EMPLOYEE RELATED COSTS CONTINUED

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2019 R	2018 R
Remuneration of the Municipal Manager		
Annual Remuneration	995 332	908 826
Performance Bonuses	179 167	197 898
Travelling Allowance	108 000	72 000
Housing Allowance	-	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	250 237	250 237
Travelling Expenses	-	36 000
Leave encashment	-	-
Other Allowance	53 033	50 240
Total	**1 585 770**	**1 515 201**
Remuneration of the Director Technical Services		
Annual Remuneration	591 776	609 743
Performance Bonuses	147 970	154 803
Travelling Allowance	501 867	9 883
Contributions to UIF, Medical, Pension Funds and Bargaining Council	3 779	3 779
Travelling Expenses	-	-
Leave encashment	-	44 229
Other Allowance	43 350	34 481
Total	**1 288 743**	**856 919**
Remuneration of the Director Corporate Services		
Annual Remuneration	891 760	823 852
Performance Bonuses	146 454	153 351
Travelling Allowance	212 231	193 942
Housing Allowance	-	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	-
Travelling Expenses	-	18 636
Leave encashment	-	-
Other Allowance	58 667	49 784
Total	**1 309 112**	**1 239 565**
Remuneration of the Director Financial Services		
Annual Remuneration	532 465	915 496
Performance Bonuses	164 648	154 803
Travelling Allowance	-	70 325
Housing Allowance	-	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	2 572	192 812
Travelling Expenses	-	2 926
Leave encashment	52 924	70 564
Other Allowance	9 600	19 200
Total	**762 209**	**1 426 125**
Remuneration of the Director Community Services		
Annual Remuneration	-	853 992
Performance Bonuses	164 648	154 803
Travelling Allowance	-	90 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	315	42 413
Leave encashment	-	94 085
Travelling Expenses	1 146	4 932
Total	**166 109**	**1 240 226**

28 REMUNERATION OF COUNCILLORS

	2019 R	2018 R
Executive Mayor	635 169	604 288
Deputy Mayor	580 166	557 428
Speaker	578 547	556 871
Mayoral Committee Members	2 149 094	2 063 951
Ordinary Councillors	4 281 097	4 232 338
Pension fund contributions	1 049 153	1 018 053
Medical aid contributions	184 356	137 142
Total Councillors' Remuneration	**9 457 582**	**9 170 071**

In-kind Benefits

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council.

		2019 R	2018 R
29	**IMPAIRMENT**		
	Long term Receivables - Note		-
	Receivables from exchange transactions - Note 3	30 187 133	24 346 623
	Receivables from non-exchange transactions - Note 4	10 128 852	17 050 073
	Total Contribution to Debt Impairment	**40 315 985**	**41 396 696**
30	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	27 104 438	26 138 527
	Investment Property	281 026	281 085
	Intangible Assets	399 837	590 393
	Capitalised restoration cost	1 872 147	2 206 755
	Total Depreciation and Amortisation	**29 657 448**	**29 216 760**
31	**(IMPAIRMENT LOSS) / REVERSAL OF IMPAIRMENT**		
	Heritage Assets	-	-
	Intangible Assets	-	-
	Investment Property	-	-
	Property Plant & Equipment	824 251	20 192
	Total Impairments	**824 251**	**20 192**
32	**FINANCE CHARGES**		
	Borrowing	581 744	1 014 902
	Finance leases	81 474	50 628
	Bank Overdraft	-	-
	Ex-Gratia Pension	4 969	8 907
	Post Employment Health Care Benefits	7 465 784	7 018 076
	Long service awards	458 677	417 576
	Interest costs non-current Provision	7 253 857	7 165 891
	Other	-	-
	Total finance charges	**15 846 505**	**15 675 980**

33 BULK PURCHASES

Electricity	188 783 412	179 705 387
Total Bulk Purchases	**188 783 412**	**179 705 387**

34 CONTRACTED SERVICES

Tracing agents and debt collection	1 027 804	908 004
Legal Cost	1 419 860	1 149 742
Fire Services	94 546	1 229 496
Maintenance Buiding and Facilities	1 156 260	1 249 299
Traffic Fines Management	548 603	1 378 718
Maintenance of Unspecified Assets	2 249 339	2 599 012
Business and Advisory	3 825 803	2 994 159
Security Services	11 940 097	8 825 906
Infrastructure and Planning	13 885 349	10 484 109
Other	6 591 119	5 282 316
	42 738 780	**36 100 761**

		2019 R	2018 R
35	**TRANSFERS AND SUBSIDIES: OPERATIONAL EXPENDITURE**		
	Sport	46 615	104 258
	Public Schools	95 000	130 000
	Bursaries (Non-Employee)	299 947	492 353
	Housing Support	8 771 481	12 643 351
	Council	-	23 000
	Tourism	805 600	767 230
	Total Transfers and Subsidies: Operational Expenditure	**10 018 643**	**14 160 192**
36	**OPERATIONAL COST**		
	Advertising, Publicity and Marketing	675 903	815 528
	Bank Charges, Facility and Card Fees	716 266	796 924
	Commission	2 037 177	1 872 305
	Communication	2 692 032	2 878 905
	External Audit Fees	3 242 451	2 727 865
	External Computer Service	2 265 371	2 324 256
	Hire Charges	5 110 871	4 825 611
	Insurance Underwriting	2 691 347	1 927 695
	Learnerships and Internships	605 457	454 322
	Levies Paid - Water Resource Management Charges	630 469	483 781
	Licences	346 598	238 166
	Printing, Publications and Books	646 015	332 842
	Professional Bodies, Membership and Subscription	1 778 405	1 676 583
	Remuneration to Ward Committee	1 314 500	683 000
	Signage	650 342	632 219
	Transport Provided as Part of Departmental Activities	146 669	199 235
	Travel and Subsistence	1 221 632	1 498 989
	Uniform and Protective Clothing	1 549 687	1 096 213
	Wet Fuel	6 011 285	5 148 845
	Other	704 244	937 141
	Total Operational cost	**35 036 721**	**31 550 425**

		2019 R	2018 R
37	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
37.1	**Trade and Other Payable Exchange Transactions**		
	Balance previously reported		**44 888 335**
	Correction of outstanding retention money - Note 37.2		57 713
	Correction of Cash received for shares - Note 37.5		363 424
	Correction Leave Payment - Note 37.6		(363 979)
	Correction Medical - Note 37.15		(2 764)
	Correction Commision - Note 37.14		11 454
	Correction Group Life - Note 37.14		(62)
	Correction Overtime - Note 37.12		878 609
	Balance now reported		**45 832 730**
37.2	**Property, Plant and Equipment**		
	Balance previously reported		**843 242 421**
	Correction of outstanding retention money - Note 37.1		(1 302 655)
	Property, plant and equipment adjustments		(271 885)
	Balance now reported		**841 667 881**
37.3	**Investment property**		
	Balance previously reported		**45 659 838**
	Sale of land - Note 37.4		(4 203)
	Balance now reported		**45 655 635**
37.4	**Receivables from exchange transactions**		
	Balance previously reported		**51 223 415**
	Sale of land - Note 37.3		84 000
	Balance now reported		**51 307 415**
37.5	**Receivables from non-exchange transactions**		
	Balance previously reported		**11 158 768**
	Debtor in respect of SARS review duplicated - Note 37.24		(524 109)
	Correction of Cash received for shares - Note 37.1		363 424
	Traffic Fines Correction - Note 37.8		269 150
	Balance now reported		**11 267 233**
37.6	**Current Employee Benefits**		
	Balance previously reported		**19 695 805**
	Correction Leave Payment - Note 37.1		363 979
	Correction Staff Bonuses - Note 37.24		(35 247)
	Balance now reported		**20 024 537**
37.7	**VAT Receivable (net)**		
	Balance previously reported		**7 350 212**
	Correction of outstanding retention money - Note 37.2		1 360 368
	Balance now reported		**8 710 580**
37.8	**FINES, PENALTIES AND FORFEITS**		
	Balance previously reported		**22 001 770**
	Traffic Fines Correction - Note 37.5		1 667 850
	Balance now reported		**23 669 620**
37.9	**SERVICE CHARGES: Refuse removal**		
	Balance previously reported		**27 968 180**
	Free refuse removals at informal areas - Note 37.11		3 820 744
	Balance now reported		**31 788 924**
37.10	**SERVICE CHARGES: Sewerage and Sanitation Charges**		
	Balance previously reported		**32 648 952**
	Free sanitation services at informal areas - Note 37.11		3 704 545
	Balance now reported		**36 353 497**
37.11	**SERVICE CHARGES: Revenue Forgone**		
	Balance previously reported		**(13 988 869)**
	Free refuse removals at informal areas - Note 37.9		(3 820 744)
	Free sanitation services at informal area - Note 37.10		(3 704 545)
	Balance now reported		**(21 514 158)**
37.12	**EMPLOYEE RELATED COST**		
	Balance previously reported		**152 397 783**
	Correction Overtime - Note 37.1		878 609
	Correction Staff Bonuses - Note 37.24		(35 247)
	Correction Medical - Note 37.1		(2 764)
	Correction Staff Bonus Allocation - Note 37.24		1 358
	Balance now reported		**153 239 739**
37.13	**Receipts from Taxation**		
	Balance previously reported		**63 592 093**
	Revenue from Surcharges and Taxes was included with sales of goods and services - Note 37.14		3 963 004
	Balance now reported		**67 555 097**

37.14 Receipts from Sales of goods and services

Balance previously reported	**308 615 009**
Revenue from Surcharges and Taxes was included with sales of goods and services - Note 37.13	(3 963 004)
Correction of Cash received for shares - Note 37.4	(363 424)
Correction Commision - Note 37.1	(11 454)
Correction Group Life - Note 37.1	62
Balance now reported	**304 277 189**

37.15 Payments in respect of employee cost

Balance previously reported	**(141 722 476)**
Finance charges on employee benefits included with Finance Charges and not Employee Cost - Note 37.17	(7 444 559)
Correction Leave Payment - Note 37.6	363 979
Correction Medical - Note 37.1	2 764
Correction Overtime - Note 37.1	(878 609)
Correction Staff Bonus Allocation - Note 37.24	(1 358)
Balance now reported	**(149 680 259)**

37.16 Payments to suppliers

Balance previously reported	**(282 663 051)**
Unamortised charges on loans included with Suppliers and not with Finance Charges - Note 37.17	(65 785)
Finance charges on provisions included with Finance Charges and not Suppliers - Note 37.17	(7 165 891)
Correction of Cash received for shares - Note	363 424
Correction Leave Payment	(363 979)
Correction Medical - Note 37.1	(2 764)
Correction Commision - Note 37.1	11 454
Correction Group Life - Note 37.1	(62)
Correction Overtime - Note 37.1	878 609
Correction Staff Bonus Allocation - Note 37.16	1 358
Correction - Grant Revenue and Expenditure	(240 000)
Correction of Retentions	54 830
Balance now reported	**(289 191 857)**

37.17 Finance charges paid

Balance previously reported	**(15 675 980)**
Unamortised charges on loans included with Suppliers and not with Finance Charges - Note 37.16	65 785
Finance charges on employee benefits included with Finance Charges and not Employee Cost - Note 37.15	7 444 559
Finance charges on provisions included with Finance Charges and not Suppliers - Note 37.16	7 165 891
Balance now reported	**(999 745)**

37.18 Remuneration of the Municipal Manager: Performance Bonuses

Amount previously reported	**143 098**
Correction of Disclosure	54 800
Amount now reported	**197 898**

37.19 Remuneration of the Director Technical Services: Performance Bonuses

Amount previously reported	**118 043**
Correction of Disclosure	36 760
Amount now reported	**154 803**

37.20 Remuneration of the Director Corporate Services: Performance Bonuses

Amount previously reported	**131 327**
Correction of Disclosure	22 024
Amount now reported	**153 351**

37.21 Remuneration of the Director Financial Services: Performance Bonuses

Amount previously reported	**131 327**
Correction of Disclosure	23 476
Amount now reported	**154 803**

37.22 Remuneration of the Director Community Services: Performance Bonuses

Amount previously reported	**118 043**
Correction of Disclosure	36 760
Amount now reported	**154 803**

37.23 Intangible asset

Amount previously reported	**2 649 745**
Correction of Disclosure	(246 303)
Amount now reported	**2 403 442**

37.24 Accumulated Surplus as at 30 June 2018

Balance previously reported	**837 065 896**
Debtor in respect of SARS review duplicated - Note 37.5	(524 109)
Correction of error - Retentions - Note 37.1	426 850
Sale of Land - Note 37.4	52 191
Correction of Fines Revenue - Note 37.8	1 667 850
Correction of impairment of Fines Receivable - Note 37.18	(1 825 550)
Correction Staff Bonus Allocation - Note 37.16	(1 358)
Correction Group Life - Note 37.1	62
Correction Commision - Note 37.1	(11 454)
Correction Medical - Note 37.1	2 764
Correction Overtime - Note 37.1	(878 609)
Correction Staff Bonuses - Note 37.6	35 247
Correction Staff Bonus Allocation - Note 37.16	1 358
Sale of land - Note 37.3	27 606
Depreciation	(518 187)
Balance now reported	**835 520 557**

38	RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS	2019 R	2018 R
	Surplus/(Deficit) for the year	57 597 703	46 691 671
	Adjustments for:		
	Depreciation	29 257 610	28 626 368
	Amortisation of Intangible Assets	399 837	590 393
	Gain / (loss) on disposal of assets	(1 468 232)	1 060 920
	Gain / (loss) on Adjustment of Provision	(262 545)	(5 184 679)
	Unamortised Discount on Loans	12 686	65 785
	Debt Impairment	40 315 985	41 396 696
	Stock Adjustments	2 244	(274)
	Contribution from/to provisions	7 253 857	7 165 891
	Contribution from/to employee benefits	10 007 615	11 004 039
	Gain / (loss) on Actuarial Valuations	(22 606 193)	(2 554 149)
	(Impairment loss) / Reversal of impairment loss	824 251	20 192
	Operating lease income accrued	5 095	4 853
	Operating Surplus/(Deficit) before changes in working capital	121 339 913	128 887 706
	Changes in working capital	(36 897 320)	(44 855 352)
	Increase/(Decrease) in Trade and Other Payables	2 356 006	2 082 324
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	4 824 951	3 148 933
	Increase/(Decrease) in Unspent Public Contributions	353 792	890 268
	Increase/(Decrease) in Taxes	1 671 771	(2 477 723)
	(Increase)/Decrease in Inventory	(293 047)	(2 054 046)
	(Increase)/Decrease in Trade and other receivables	(44 153 570)	(46 328 100)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(1 657 223)	(117 008)
	Cash generated/(absorbed) by operations	**84 442 594**	**84 032 354**

39 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2019 R	2018 R
Cash and Cash Equivalents - Note 2	94 271 685	97 505 902
Less:	10 575 042	5 750 091
Unspent Committed Conditional Grants - Note 6	10 575 042	5 750 091
VAT - Note 7	-	-
Resources available for working capital requirements	**83 696 643**	**91 755 811**
Allocated to:		
Capital Replacement Reserve	10 354 788	10 354 788
Employee Benefits Reserve	86 141 183	101 282 406
Non-Current Provisions Reserve	86 471 213	71 466 568
Shortfall in working capital requirements	**(99 270 541)**	**(91 347 951)**

40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2019	2018
Long-term Liabilities - Note 18	6 222 409	7 481 354
Used to finance property, plant and equipment - at cost	(6 222 409)	(7 481 354)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

41 MATERIAL LOSSES

41.1 Water distribution losses

	2019	2018
- Kilolitres purified	6 408 993	5 779 052
- Kilolitres sold	5 272 674	4 745 794
- Kilolitres lost during distribution	1 136 319	1 033 258
- Percentage lost during distribution	17.73%	17.88%
- Value of kilolitres lost during distribution	447 470	462 067
- The value of kilolitres lost is based on the treatment cost of water.		

The estimated consumption for public open spaces and informal houses are calculated on a conservative bases using baseline consumption estimations provided by the Department of Water Affairs. Water meters will be installed to measure the mentioned consumption in the future.

41.2 Electricity distribution losses

	2019	2018
- Units purchased (Kwh)	197 563 881	201 379 459
- Units sold (Kwh)	176 799 664	181 544 559
- Units lost during distribution (Kwh)	20 764 217	19 834 900
- Percentage lost during distribution	10.51%	9.85%
- Value of units lost during distribution (Rand)	19 841 378	17 700 109

The electricity losses are in line with the quideline of the National Energy Regulator of South Africa of 10%

42	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2019 R	2018 R

42.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

	2019 R	2018 R
Opening balance		
Council subscriptions	1 722 027	1 647 102
Amount paid - current year	(1 722 027)	(1 647 102)
Amount paid - previous years	-	-
Balance unpaid (included in Payables from exchange transactions)	**-**	**-**

42.2 Audit fees - [MFMA 125 (1)(c)]

	2019 R	2018 R
Opening balance	-	-
Current year audit fee	3 398 314	2 874 314
External Audit - Auditor-General	3 242 451	2 727 865
Audit Committee	155 863	146 449
Amount paid - current year	3 398 314	2 874 314
Balance unpaid (included in Payables from exchange transactions)	**-**	**-**

42.3 VAT - [MFMA 125 (1)(c)]

	2019 R	2018 R
Opening balance	5 816 358	7 962 606
Amounts received - Output VAT - current year	(46 017 906)	(43 423 577)
Amounts claimed - Input VAT - current year	48 441 795	42 746 301
Amount paid - current year	2 215 128	6 493 633
Amount - previous year	(5 816 358)	(7 962 606)
Closing balance	**4 639 016**	**5 816 358**

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

42.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]

	2019 R	2018 R
Opening balance	-	-
Current year payroll deductions and Council Contributions	23 798 352	20 232 870
Amount paid - current year	(23 798 352)	(20 232 870)
Balance unpaid (included in Payables from exchange transactions)	**-**	**-**

42.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

	2019 R	2018 R
Opening balance	-	-
Current year payroll deductions and Council Contributions	37 656 025	34 302 259
Amount paid - current year	(37 656 025)	(34 302 259)
Balance unpaid (included in Payables from exchange transactions)	**-**	**-**

42.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

During the financial year the following Councillors were outstanding for more than 90 days at any instance

	2019 R	2018 R
Schuurman	-	4 066
Heradien	-	1 503
Abrahams	-	1 542
Swart	299	462
Laban	-	31 767
Mgoboza	-	8 893
Klaasen	3 475	-
Total Councillor Arrear Consumer Accounts	**3 774**	**48 232**

Klaasen has lodged a dispute in terms of the municipal account

Councillors outstanding for more than 90 days as at 30 June 2019:

	2019 R	2018 R
Abrahams	-	42
Laban	-	30 786
Total Councillor Arrear Consumer Accounts at year end	**-**	**30 828**

42.7 Discloser in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36 (2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1) (a)

2018/2019

		Type of deviation			
	Amount	**Single Supplier**	**Impossible**	**Impractical**	**Emergency**
July	288 677.75	4	-	1	3
August	676 184.16	5	-	5	9
September	552 187.07	6	-	4	3
October	1 799 274.86	6	-	14	1
November	508 630.88	8	-	10	5
December	344 415.38	6	-	12	4
January	24 724.50	1	-	1	1
February	427 415.33	5	-	7	2
March	357 540.01	2	-	10	6
April	225 219.34	3	-	7	0
May	549 363.00	10	-	10	1
June	5 368 556.19	3	-	11	1
	11 122 188	**59**	**-**	**92**	**36**

2017/2018

	Amount	**Single Supplier**	**Impossible**	**Impractical**	**Emergency**
July	487 231		-	11	6
August	681 960	6	-	13	5
September	269 549	2	-	7	4
October	871 119	9	-	16	5
November	453 688	6	-	10	1
December	422 087	5	-	7	4
January	2 246 008	6	-	5	
February	1 873 987	8	-	13	5
March	466 957	4	-	9	1
April	400 081	7	-	5	3
May	363 110	9	-	10	
June	1 045 966	6	-	17	8
	9 581 743	**68**	**-**	**123**	**42**

2019
R

42.8 ***Regulation 45 - Details of awards made to close family members of persons in service of State***

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Williams Loodgieters	SR Williams	Spouse	R Williams	Dept. of Health: Nurse	R 297 253
Freddie Opperman	Freddie Opperman	Spouse	J Opperman	Western Cape Education Department: Teacher	R 70 215
Witzenberg Concrete	Derick Ontong	Wife	Crystal Ontong	Ceres Sekonder, Teacher (WCED)	R 61 468
SEW Plumbing	SE Williams	Spouse	L Williams	Dept. of Health: Admin Officer	R 63 548
		Son	R Williams	Dept. of Health: Nurse	
Regan Brown Attorneys	R Brown	Brother	E Johnson	City of Cape Town: Traffic Dept	R 494 895
		Brother	D Johnson	SAPS: Worcester	
O'NeilL & Visser Attorneys	CW O'Neill	Spouse	H O'Neill	DOJ: Worcester	R 372 021
Vox Elektries	F Blom	Spouse	M Blom	SAPS: Officer	R 17 230
RJC Conservation Servises		Son	Prins	Chief Professional Nurse: Wolseley Clinic Dep of Health	R 269 659
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	R 5 430
SJ Peres	SJ Peres	Brother-in-law	S Peres	Witzenberg Municipality: Accountant Expenditure	R 8 300
CJ Services	C Hofmeester	Cousin	F Hofmeester	Witzenberg Municipality: SCM Practitioner	R 1 980
WAB Print Media (Pty) Ltd	Wayne Brink	Spouse	Adelene Brink	Drakenstein Municipality	R 26 733
AJ Rankin Basson Sport BK	J Wessels	Spouse	MJL Wessels	Witzenberg Municipality Social Worker	R 28 590
JMIL Dienste	Johannes Louwrens	Brother	Ci Croudace	Msunduzi Municipality - Admin officer	R 57 614
Xolisile Ernest malapi (XEM transport)	X Malapi	Husband	Ntombelizwe bianca malapi	Nurse -Ceres Provincial Hospital	R 37 600
T Square Framing (Arts and Events Skill Development) (Pty) Ltd	Van Rooi Theofilus & Maria	Daughter	Mariana Cornelius	Clinic - Supervisor	R 1 500

2018
R

Regulation 45 - Details of awards made to close family members of persons in service of State - continued

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Williams Loodgieters	SR Williams	Spouse	R Williams	Dept. of Health: Nurse	R 190 478
Freddie Opperman	Freddie Opperman	Spouse	J Opperman	Western Cape Education Department: Teacher	R 30 700
T Square Framing (Arts and Events Skill Development) (Pty) Ltd	M van Rooi	Daughter	M Cornelius	Clinic - Supervisor	R 300
	T van Rooi	Son-in-law	C Cornelius	Hermanus Municipality - SCM Storekeeper	
SEW Plumbing	SE Williams	Spouse	L Williams	Dept. of Health: Admin Officer	R 14 950
		Son	R Williams	Dept. of Health: Nurse	
Regan Brown Attorneys	R Brown	Brother	E Johnson	City of Cape Town: Traffic Dept	R 377 775
		Brother	D Johnson	SAPS: Worcester	
O'NeilL & Visser Attorneys	CW O'Neill	Spouse	H O'Neill	DOJ: Worcester	R 542 504
Vox Elektries	F Blom	Spouse	M Blom	SAPS: Officer	R 34 201
RJC Conservation Servises		Son	Prins	Chief Professional Nurse: Wolseley Clinic Dep of Health	R 39 000
Powerrec (Pty) Ltd	Vuyokazi Machimana	Mother	B Skonsana	Gauteng Department of Health: Nurse	R 45 433
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	R 129 960
SJ Peres	SJ Peres	Brother-in-law	S Peres	Witzenberg Municipality: Accountant Expenditure	R 12 600
CJ Services	C Hofmeester	Cousin	F Hofmeester	Witzenberg Municipality: SCM Practitioner	R 5 875
AON (Pty) Ltd	N Mangyanga	Mother	Gladys Thivhafuni Ravele	Department of Education	R 601 586
		Father	GeorgeTakalani Ravele	Department of Transport	
WAB Print Media (Pty) Ltd	Wayne Brink	Spouse	Adelene Brink	Drakenstein Municipality	R 26 915
AJ Rankin Basson Sport BK	J Wessels	Spouse	MJL Wessels	Witzenberg Municipality Social Worker	R 49 863
JMIL Dienste	Johannes Louwrens	Brother	Ci Croudace	Msunduzi Municipality - Admin officer	R 345 704
Koue Bokkeveld Training Centre	C Roberts	Spouse	R Roberts	Witzenberg Municipality Law Enforcement Officer	R 2 339

43 COMMITMENTS

Commitments in respect of expenditure:

	2019	2018
Approved and contracted for	153 465 910	106 003 797
Infrastructure	54 891 729	53 127 802
Community	3 296 113	-
Other Capital	14 268 053	-
Operational	81 010 016	52 875 996
Approved but not yet contracted for	4 823 677	-
Infrastructure	-	-
Community	-	-
Other Capital	-	-
Operational	4 823 677	-
Total	**158 289 587**	**106 003 797**

		2019	2018
44	**FINANCIAL RISK MANAGEMENT**	**R**	**R**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2019 R	2018 R
0.5% Increase in interest rates	440 198	450 141
0.5% Decrease in interest rates	(440 198)	(450 141)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 3 and 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 3 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2019 %	2019 R	2018 %	2018 R
Non-Exchange Receivables				
Rates & other charges	0.00%	-	0.00%	-
Exchange Receivables				
Electricity	87.93%	33 412 961	100.00%	31 092 890
Water	12.48%	8 699 492	17.18%	9 707 338
Housing Rentals	6.99%	106 614	17.27%	207 044
Refuse	8.75%	3 217 051	14.22%	4 154 663
Sewerage	8.13%	2 635 212	12.99%	3 326 681
Other	34.28%	624 364	30.03%	422 828
Land Sales	100.00%	721 701	100.00%	452 058
	26.98%	**49 417 394**	**32.33%**	**49 363 503**

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

44 FINANCIAL RISK MANAGEMENT CONTINUED

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2019 %	2019 R	2018 %	2018 R
Exchange Receivables				
Electricity	3.48%	4 585 214	5.20%	5 269 422
Water	46.38%	61 028 275	46.16%	46 799 475
Housing Rentals	1.08%	1 418 980	0.98%	991 814
Refuse	25.51%	33 568 267	24.71%	25 058 129
Sewerage	22.63%	29 778 602	21.98%	22 285 534
Other	0.91%	1 197 150	0.97%	984 981
	100.00%	**131 576 488**	**100.00%**	**101 389 355**

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2019 %	2019 R	2018 %	2018 R
Residential	95.36%	125 474 948	89.87%	91 119 676
Commercial	2.34%	3 079 393	3.95%	4 000 882
Government	0.00%	-	0.00%	48
Other	2.30%	3 022 147	6.18%	6 268 749
	100.00%	**131 576 488**	**100.00%**	**101 389 355**

Bad debts written off per debtor class:

	2019 %	2019 R	2018 %	2018 R
Exchange Receivables				
Electricity	0.00%	-	3.11%	(1 782 058)
Water	60.13%	(3 820)	49.96%	(28 605 804)
Housing Rentals	0.00%	-	1.36%	(779 991)
Refuse	22.57%	(1 434)	26.28%	(15 047 780)
Sewerage	16.96%	(1 078)	18.21%	(10 428 873)
Other	0.34%	(22)	1.08%	(616 743)
	100.00%	**(6 353)**	**100.00%**	**(57 261 250)**

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:	2019 R	2018 R
Long term receivables	-	-
Receivables from exchange transactions	51 610 725	51 307 415
Cash and Cash Equivalents	94 262 085	97 496 777
Unpaid conditional grants and subsidies	4 036 901	2 379 678
	149 909 711	**151 183 870**

44 FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2019	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Borrowing	2 301 293	4 923 244	-	-
Capital repayments	1 817 812.37	4 404 593.93	-	-
Interest	483 480.67	518 649.58	-	-
Trade and Other Payables	37 047 747	-	-	-
Unspent conditional government grants and receipts	10 575 042	-	-	-
	49 924 082	**4 923 244**	**-**	**-**

2018	Less than 1	Between 1 and 5	Between 5 and	Over 10 Years
Borrowing	2 870 103	6 068 336	-	-
Capital repayments	2 276 380.00	5 204 971.00	-	-
Interest	593 723.00	863 365.00	-	-
Trade and Other Payables	31 436 989	-	-	-
Unspent conditional government grants and receipts	5 750 091	-	-	-
	40 057 183	**6 068 336**	**-**	**-**

45 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

45.1	Financial Assets	Classification	2019 R	2018 R
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	51 610 725	51 307 415
	Other Receivables			
	Government Subsidies and Grants	Financial instruments at amortised cost	4 036 901	2 379 678
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	-	-
	Bank Balances			
	Bank Balances	Financial instruments at amortised cost	94 262 085	97 496 777
			149 909 711	**151 183 870**
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		149 909 711	151 183 870
	At amortised cost		**149 909 711**	**151 183 870**

45.2	Financial Liability	Classification	2019 R	2018 R
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	3 922 786	5 304 458
	Capitalised Lease Liability	Financial instruments at amortised cost	781 565	-
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	13 665 914	7 754 548
	Retentions	Financial instruments at amortised cost	2 377 252	3 737 645
	Deposits	Financial instruments at amortised cost	44 403	32 518
	Other	Financial instruments at amortised cost	23 337 430	23 649 923
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	10 575 042	5 750 091
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	1 381 672	2 176 896
	Capitalised Lease Liability	Financial instruments at amortised cost	136 386	-
			56 222 450	**48 406 079**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**56 222 450**	**48 406 079**

		2019 R	2018 R

46 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

47 CONTINGENT LIABILITY

	2019 R	2018 R
Claims against Council	**2 265 766**	**3 013 366**
Estimate legal Fees	**850 000**	**110 000**

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. Management are respectfully of opinion that this matter will be successfully defended. The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure. The following are naritives of the cases:

		2019	2018
F Daniels / SALGBC & two others	The applicant was the former Manager of Traffic. He was dismissed after an internal disciplinary hearing on 21/09/2009, where after he unsuccessfully appealed internally against the sanction of dismissal. Management is of opinion that the risk of the municipality being ordered to pay Mr Daniel's legal fees is slim.	-	1 000 000
L Louw	A child was assaulted at the Pine Forest. The claimant alleged that the security measures at the Pine Forest were not sufficient to protect the child. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	950 000	1 427 600
Gunter	Plaintiff claims damages from the municipality after she fell on the sidewalk. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	585 766	585 766
Rijk's Cellars	High Court Litigation - Appeal against waste licence by MEC	250 000	-
R Du Plessis	Claim in term of Labour Relations Act 66 of 1995	480 000	-
		2 265 766	**3 013 366**

		2019	2018
48	**RELATED PARTIES**	**R**	**R**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

48.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

48.2 Compensation of key management personnel

The compensation of key management personnel is set out in Note 27 to the Annual Financial Statements.

48.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

48.4 Ceres Koekedouw Management Committee

Ceres Koekedouw Management Committee is an entity established by the Witzenberg Municipality and the Koekedouw Irrigation Board. Ceres Koekedouw Management Committee is responsible for the management of the Koekedouw Dam, jointly owned by Witzenberg Municipality and the Koekedouw Irrigation Board.

	2019 R	2018 R
The following contributions included with General Expenses were paid to the Ceres Koekedouw Management Committee	**637 330**	**934 826**

49 FINANCIAL SUSTAINABILITY

Management is of the opinion that will Municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

Financial Indicators

The current ratio decreased to 2.01 from 2.22 in the prior year.

Cash and Cash Equivalents have decreased to R 94 million from R 98 million in the prior year.

APPENDIX A - Unaudited
WITZENBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2018	Received during the period	Redeemed / written off during the period	Balance at 30 JUNE 2019
				R	R	R	R
ANNUITY LOANS							
NEDBANK	8.00%	5032032 0001	2023-05-30	5 220 225	-	883 906	4 336 319
DBSA	15.25%	11188/101	2018-09-30	848 998		848 998	-
DBSA	15.50%	10772/101	2018-09-30	193 376		193 376	-
DBSA	9.50%	102040/1	2021-09-30	128 746		32 615	96 131
DBSA	8.59%	100605/1	2021-12-31	1 090 007	-	218 001	872 005
Total Annuity Loans				**7 481 351**	**-**	**2 176 896**	**5 304 455**
LEASE LIABILITY							
Office Equipment	10.00%		2021/06/30	-	1 217 706	299 755	917 951
Total Lease Liabilities				**-**	**1 217 706**	**299 755**	**917 951**
TOTAL EXTERNAL LOANS				**7 481 351**	**1 217 706**	**2 476 650**	**6 222 406**

APPENDIX B - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
MUNICIPAL VOTES CLASSIFICATION

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
83 510 949	(29 443 602)	54 067 347	Budget and Treasury Office	86 081 913	(36 362 779)	49 719 134
139 808 692	(121 929 345)	17 879 347	Civil services	139 277 888	(143 958 498)	(4 680 610)
81 108 647	(27 298 077)	53 810 570	Community and social services	96 833 337	(26 624 607)	70 208 730
754 958	(40 873 136)	(40 118 178)	Corporate Services	1 056 665	(43 342 814)	(42 286 149)
211 203 148	(199 669 546)	11 533 602	Electro Technical Services	227 519 804	(205 142 184)	22 377 621
-	(19 349 505)	(19 349 505)	Executive and Council	-	(20 508 170)	(20 508 170)
13 006 360	(16 477 397)	(3 471 037)	Housing	9 048 659	(12 953 914)	(3 905 255)
1 004 366	(5 124 377)	(4 120 011)	Planning	1 191 291	(5 635 938)	(4 444 647)
28 308 513	(42 415 323)	(14 106 811)	Public Safety	20 079 195	(34 636 906)	(14 557 712)
7 599 636	(23 691 279)	(16 091 642)	Sport and recreation	6 961 830	(24 797 544)	(17 835 714)
566 305 268	(526 271 587)	40 033 681	**Total**	588 050 584	(553 963 356)	34 087 227

APPENDIX C - Unaudited

WITZENBERG MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

GENERAL FINANCE STATISTIC CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
80 711 909	(21 823 523)	58 888 386	Community and social services	96 258 277	(22 873 136)	73 385 141
211 203 148	(199 535 965)	11 667 183	Energy sources	226 811 471	(204 967 382)	21 844 089
1 752	(1 319 529)	(1 317 777)	Environmental protection	87 781	(1 416 376)	(1 328 595)
-	(24 088 069)	(24 088 069)	Executive and council	-	(23 528 427)	(23 528 427)
84 265 907	(65 398 173)	18 867 734	Finance and administration	87 138 578	(74 963 536)	12 175 043
13 006 360	(16 477 397)	(3 471 037)	Housing	9 048 659	(12 953 914)	(3 905 255)
-	(2 145 483)	(2 145 483)	Internal audit	-	(2 315 978)	(2 315 978)
1 399 352	(8 865 963)	(7 466 611)	Planning and development	1 678 570	(9 048 627)	(7 370 057)
28 308 513	(39 115 281)	(10 806 768)	Public safety	18 945 868	(30 937 224)	(11 991 356)
4 189 352	(24 772 184)	(20 582 832)	Road transport	19 952 379	(28 015 829)	(8 063 450)
7 599 636	(23 691 279)	(16 091 642)	Sport and recreation	6 961 830	(24 797 544)	(17 835 714)
25 965 490	(41 979 692)	(16 014 202)	Waste management	25 347 030	(46 066 193)	(20 719 163)
42 108 382	(28 943 471)	13 164 910	Waste water management	46 166 309	(34 375 865)	11 790 444
67 545 469	(28 115 579)	39 429 890	Water management	49 653 832	(37 703 325)	11 950 506
566 305 268	(526 271 587)	40 033 681	**Total**	588 050 584	(553 963 356)	34 087 227

APPENDIX D - Unaudited
WITZENBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2018 (Unpaid)	Grants Received	Grants Capital Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2019	Unspent 2019 (Payable)	Unpaid 2019 (Receivable)
	R	R	R	R	R	R	R	R	R
National Government Grants									
Finance Management Grant	17 747	1 550 000		(18 000)	(922 825)	-	626 922	626 922	-
DWAF - Drought relief	-	-		-	-	-	-	-	-
Municipal Systems Improvement Grant	-	-		-	-	-	-	-	-
Municipal infrastructure Grant	(95 671)	22 031 000		-	-	(22 030 489)	(95 160)	-	95 160
Regional Bulk Infrastructure Grant (DWAF)	(183 768)	9 500 000		-	-	(2 874 997)	6 441 235	6 441 235	-
Integrated National Electricity Program	(801 458)	5 000 000		-	-	(4 849 738)	(651 196)	-	651 196
Equitable share	-	84 602 000		-	(84 602 000)	-	-	-	-
Department of Rural Development	471 155	-		-	-	-	471 155	471 155	-
ACIP funds (DWAF)	-	-		-	-	-	-	-	-
Expanded Public Works Programme	(29 359)	1 780 000		-	(2 026 381)	-	(275 740)	-	275 740
Neighbourhood Development Plan	321	-		-	-	-	321	321	-
Provincial Government Grants									
Library services	-	9 342 000		-	(8 942 000)	-	400 000	400 000	-
Library services Replacement Funding	-	-		-	-	-	-	-	-
CDW	449 428	-		-	(6 451)	-	442 977	442 977	-
Main roads	(16 800)	119 000		-	-	-	102 200	102 200	-
Municipal Infrastructure Support Grant	(1 046 497)	-		-	-	-	(1 046 497)	-	1 046 497
Drought Relief	-	-		-	-	-	-	-	-
Public Transport	346 000	2 000 000		-	-	(2 115 539)	230 461	230 461	-
Planning	-	-		-	-	-	-	-	-
Human Settlement Development	3 295 671	29 982 563		-	(8 771 481)	(25 743 845)	(1 237 092)	-	1 237 092
Sport	-	-		-	-	-	-	-	-
Library Capital	-	-		-	-	-	-	-	-
Multipurpose Centre	-	-		-	-	-	-	-	-
Capacity Building (Internship)	-	-		-	-	-	-	-	-
Municipal Infrastructure	(206 126)	-		-	-	-	(206 126)	-	206 126
Financial Management Support	329 770	330 000		-	-	-	659 770	659 770	-
Financial Management	(60 000)	360 000		-	-	-	300 000	300 000	-
Local Government Compliance	-	-		-	-	-	-	-	-
MSCOA Grant	-	-		-	-	-	-	-	-
Regional Social Econimical Pro	-	-		-	-	-	-	-	-
District Municipality									
Parks and recreation	800 000	300 000		-	-	(299 999)	800 001	800 001	-
Tourism Route Development	-	-		-	-	-	-	-	-
Sanitation Infrastructure	-	-		-	-	(525 090)	(525 090)	-	525 090
Planning and Development	100 000	-		-	-	-	100 000	100 000	-
Other									
Essen Belgium	1 833 369	928 705		-	(562 311)	-	2 199 763	2 199 763	-
China - Water meters	32 135	-		-	(12 602)	-	19 533	19 533	-
Table Mountain - Clearing Alien Vegetation	-	-		-	-	-	-	-	-
Total	**5 235 917**	**167 825 268**	**-**	**(18 000)**	**(105 846 051)**	**(58 439 697)**	**8 757 437**	**12 794 338**	**4 036 901**

APPENDIX D - Unaudited
WITZENBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2017 (Unpaid)	Grants Received	Grants Capital Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2018	Unspent 2018 (Payable)	Unpaid 2018 (Receivable)
	R	R	R	R	R	R	R	R	R
National Government Grants									
Finance Management Grant	(261 315)	1 550 000		-	(1 259 695)	(11 243)	17 747	17 747	-
DWAF - Drought relief	-	-		-	-	-	-	-	-
Municipal Systems Improvement Grant	-	-		-	-	-	-	-	-
Municipal infrastructure Grant	(90 419)	22 739 000		-	-	(22 744 251)	(95 670)	-	95 670
Regional Bulk Infrastructure Grant (DWAF)	(114 347)	-		-	-	(69 421)	(183 768)	-	183 768
Integrated National Electricity Program	(801 458)	-		-	-	-	(801 458)	-	801 458
Equitable share	-	70 412 000		-	(70 412 000)	-	-	-	-
Department of Rural Development	471 155	-		-	-	-	471 155	471 155	-
ACIP funds (DWAF)	-	-		-	-	-	-	-	-
Expanded Public Works Programme	(14 044)	1 485 000		-	(1 500 315)	-	(29 359)	-	29 359
Neighbourhood Development Plar	321	-		-	-	-	321	321	-
Provincial Government Grants									
Library services	-	2 600 000		-	(2 600 000)	-	-	-	-
Library services Replacement Fundinç	(143)	5 450 000		-	(5 449 857)	-	-	-	-
CDW	417 281	148 000		-	(115 854)	-	449 427	449 427	-
Main roads	(16 800)	120 000		-	(120 000)	-	(16 800)	-	16 800
Municipal Infrastructure Support Grant	(758 017)	(288 480)		-	-	-	(1 046 497)	-	1 046 497
Drought Relief	-	-		-	-	-	-	-	-
Public Transport	-	-		-	-	-	-	-	-
Planning	-	-		-	-	-	-	-	-
Human Settlement Development	566 634	30 567 514		-	(12 643 351)	(15 195 126)	3 295 671	3 295 671	-
Sport	-	-		-	-	-	-	-	-
Library Capital	-	-		-	-	-	-	-	-
Multipurpose Centre	322 000	-		(322 000)	-	-	-	-	-
Capacity Building (Internship	60 000	286 000		(60 000)	-	-	286 000	286 000	-
Municipal Infrastructure	(206 126)	288 480		-	-	(288 480)	(206 126)	-	206 126
Financial Management Suppor	343 767	330 000		(343 997)	-	-	329 770	329 770	-
Financial Management	120 000	240 000		(120 000)	(240 000)	-	-	-	-
Local Government Compliance	-	-		-	-	-	-	-	-
MSCOA Grant	-	-		-	-	-	-	-	-
Regional Social Econimical Pro	-	-		-	-	-	-	-	-
District Municipality									
Parks and recreation	300 000	-		-	-	-	300 000	300 000	-
Tourism Route Development	-	100 000		-	-	-	100 000	100 000	-
Sanitation Infrastructure	-	500 000		-	-	-	500 000	500 000	-
Planning and Development	-	-		-	-	-	-	-	-
Other									
Essen Belgium	925 332	1 185 716		-	(277 679)	-	1 833 369	1 833 369	-
China - Water meters	49 904	-		-	(17 769)	-	32 135	32 135	-
Total	**1 313 725**	**137 713 230**	**-**	**(845 997)**	**(94 636 520)**	**(38 308 521)**	**5 235 917**	**7 615 595**	**2 379 678**